CANADIAN ELECTION REFORM
DIALOGUE ON ISSUES AND EFFECTS
DECEMBER 1982

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FOREWORD

The past decade has seen a flurry of legislation dealing with electoral reform, both in Canada and in the United States of America. The effects of the legislation on the electoral process have been more profound and have had more far-reaching effects than were perhaps anticipated by the legislators.

This study is a framework for discussion only. The issues raised are worthy of a more scholarly and formalized approach than either time or resources has permitted in preparing this report.

We are grateful to all those who gave so graciously of their time and wisdom. Without their comment and observations, this study would have lacked vitality and, to a considerable extent, validity.

It is hoped that this report will assist those involved in the political scene to recognize the impact which political financing legislation has had on all aspects of political life.

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Dated: December 1st, 1982.
Toronto, Ontario.

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INTRODUCTION

"Money", wrote the German philosopher Oswald Spengler, "organizes elections in the interests of those who possess it; and the elections themselves are a rigged game staged as though people were making decisions".[1] Election finance legislation, which seeks to monitor and control the source and use of money, is the prescribed antidote for these perceptions of unfairness which have frequently haunted the Canadian political process. With regard to specific motivation, reform in this area may be guided by equitable principles or by a narrower desire simply to reduce the monetary cost of elections. Often prompted by demands to clean-up the financing process in the wake of scandal, Canadian reform legislation seems to have been guided by the fear that the growing cost of running a political campaign would eventually leave partisan institutions open to the preponderant influences of the large interests. While the last few decades have seen a legitimation of the neo-corporatist ethic, with its promotion of political activity on the part of large private institutions directly affected by government, concern for the principles of equality of opportunity and competitiveness in the political marketplace has remained the strongest thread in political finance reform in Canada.[2] Thus, the major provisions of reform legislation bear the unmistakable signs of an attempt to equalize opportunity among rival candidates and parties by means of the reduction in the advantages attributed to those possessed of large financial resources.[3] The rise in importance of the Canadian mass media and its often decisive influence on electoral outcomes has given a greater sense of immediacy to the reform process.

The format and emphasis designed into the various Canadian jurisdictions under study in this report illustrate a further aspect of the control of party finance. Often, change is restricted to financial concerns rather than the wider and more adventurous realm of fundamental change in the entire system.[4] In terms of broad areas of involvement, the experience of Canadian reform legislation has shown that any isolated attempt to alter the organization of political parties or to reduce election costs or to modify campaigning norms cannot help but alter the other two — they are interstitially related.[5]

The general aims of political finance legislation are to curb undue influence, stop spending competition and provide the voter with more information. This last aim is essential in a workable democracy.[6] As well, the spin-off effect of run-away spending prevents effective participation in the electoral process by those citizens who do not have access to the financial means to compete in an increasingly sophisticated arena.

The exuberance of reform and innovation in Canada might well benefit from a sense of history, in that our society holds certain political and social normative values to be self-evident. Pervasive changes in political finance regulation are often predicated on the conviction that our entire financial system is dirty, underhanded and immoral, when it may be that only certain rules and practices in the circumscribed area of campaign financing practices need to be altered. As an American competitor put it, "The warts must be excised, not the head chopped off".[7]

Another assumption that Canadian legislation seems to make is that money wins elections. The comments of those Canadians involved in the process on both sides of financing issues - those satisfied and those discontented with progress to date - reveal trust in this equation. An American fund-raiser has been long-remembered for the comment that "the graveyard of American politics is strewn with the bones of rich guns who didn't make it".[8] This fact is equally applicable in Canada, where many unsuccessful candidates, some two or three times, have vainly spent large sums trying to buck the electoral current. Despite the tales of the "bad old days" of collective memory, the aim of financing legislation with regard to the "buying" of elections may be irrelevant and founded on fallacious thinking. Evidence seems to show that money usually cannot succeed in the face of either poor organization or political ill-winds on the issues of any one campaign.[9] Another unsettling thesis that prefaces this report concerns the classic findings of V.O. Key[10] - namely, that the campaign period sways very few voters, most people having made up their minds before the issuance of the election writ. Given that most regulations emphasize election period fund-raising and spending, this may well be another concern.

These caveats aside, the bulk of this report is devoted to five major areas of election financing reform in Canada: contribution limitations, spending limitations, disclosure laws, public subsidies and enforcement and control designs. In the first area, the general dilemma revolves around the degree of restriction the system may support and still function. Setting too low a ceiling on the freedom to donate may cut off a large proportion of monetary participation in the political process and strangle the system. Too high a limit merely creates more statutory window-dressing.

As for spending limitations, the jurisdictions studied in this paper demonstrate the effect of both segmental limits (i.e.. aimed at certain types of expenditure) and total campaign limits. In the former case, those involved in the process have expressed justifiable dissatisfaction in that such limits tend to suffer from vagueness, undue complexity and quick obsolescence. In the case of total spending limits, the broad brush-stroke of the regulations tend to treat special problem areas indelicately. Cost variations according to region, strength of voter partisanship and type of spending all mitigate against the prudence of this form of control.

With regard to disclosure laws, these provisions are seen as an absolute necessity in all but one of the jurisdictions surveyed. They both facilitate proper enforcement and act as an inhibiting factor in the control of untoward contribution patterns. The only potential danger in disclosure seems to be the misuse or underutilization of data and the risk of voters giving greater weight to funding records than to the politics of the candidate.[11]

The issue of public funding has become a focal point for arguments concerning the broadening of the base of political involvement, the lessening of special interest influence, the assured funding of the process and enhanced democratization in general. Some jurisdictions attack this area by providing direct subsidization for parties, others by means of reimbursements contingent on success at the polls and still others, through tax incentive systems. Most jurisdictions have some combination of the three, and the Canadian polity as a whole seems to have moved away from the fear of a decade ago - that subsidization would make our political parties "wards of the state".[12]

Finally, with respect to enforcement and control machinery, a recurring problem in Canada is the fact that a single office - usually that of the Chief Electoral Officer - is assigned often conflicting roles. The ideal role of any enforcement body, as it has evolved in discussions with the numerous types of actors on the political stage, is one which is primarily consultative and educational. If these two roles are performed well, enforcement concerns may prove to be minimal. A danger in enforcement seems to be an overriding concern for daily operations and detail, to the exclusion of broader issues concerning the intent of the legislation. As well, some attention must be given to deregulation if the electoral process is to avoid overarching rigidity.[13]

This report is intended as a discussion paper in which current participants in the political process evaluate the effect of Canadian political financing legislation on the substantive and philosophical issues outlined above. While the personalities who responded to the challenge of analyzing this legislation are by no means a broad cross-section of the potential sample group, due to a combination of scheduling difficulties and isolated cases of indifference and reluctance to speak, the views presented are as varied and divergent as they are considered. In all jurisdictions, those contacted were cooperative and candid to interviewers.

This report begins with an analysis of the federal approach to political financing regulations and contrasts this with a discussion of the laws in Ontario. Clearly, actors at both levels have lived under the respective reforms long enough to have discovered the strengths of the legislation as well as its faults. The report concludes with a very brief examination of laws in two other regions of the country. The political financing laws in the Maritimes are canvassed principally because these provinces alone lack comprehensive disclosure regulations and Quebec laws are examined because they are perhaps the most extensive enacted to date.

CHAPTER ONE

THE "ELECTION EXPENSES ACT"

AND

FEDERAL POLITICS

I. THE FEDERAL SCENE INTRODUCED

For many, introduction of the 1974 Election Expenses Act heralded a new dawn in Canadian election legislation. Never before had this country witnessed such determination and conviction on the part of all federal parties to draft a bill which would be meaningfully observed and would play a vital role in restoring the public's confidence in the political process, a process which had suffered from years of scandal and suspicion.

Although the Federal Act is regarded as a revolutionary beginning, it in fact represents the culmination of many failed efforts spanning a century and a quarter of Parliamentary tradition. In 1867, any obviously illegal practices, such as bribery, were prohibited. It was the Pacific Scandal of 1874 which nearly ruined Sir John A. Macdonald, who had accepted funds from Pacific Railway builder Sir Hugh Allen, that served as the catalyst for serious reform.[1] Within a year, a candidate's agent was made responsible for all campaign expenses. This agency doctrine, while ignoring the raising of funds, did lend some accountability to their expenditure. It wasn't until a century later that full disclosure of contributions was legally compelled.[2]

By the 1890's, a candidate could not offer "valuable consideration" in return for election funds -- an amendment which was the product of yet another scandal. These reporting laws were found to be inadequate, however, when in 1931 the Liberal Party of Canada's fund-raisers accepted a large donation from the Hydro-Electric Power Company in exchange for a lucrative concession. In 1966, the Advisory Committee on Election Expenses pointed to this so-called

"Beauharnois Scandal" as evidence of the inherent weakness of the then election laws. The Hon. W.L. Mackenzie had successfully defended himself by stating that fund-raising was not his concern; it was a party matter.[3] This incident revealed the legislation's glaring fault: while candidates were controlled, their parties were free to collect and spend funds as they wished. In addition, no penalties were provided for any abuses. Two subsequent attempts initiated in 1938 and 1949 by Quebec Liberal organizer C.G. Power to control central expenditures and to integrate parties with their candidates for accountability purposes, failed. Mr. Power described the proposed efforts as "...a businesslike piece of legislation ... so to modify the law that the candidates would be enabled to apply the same open, sane, businesslike methods that they apply in their own businesses".[4] The proposed limit was set at 20¢ per elector with a $1,000 exemption for personal expenses. This 1949 effort passed second reading, but narrowly missed final passage.[5]

By the early 1960's, the call to examine electoral reform echoed through Parliament Hill with renewed vigour. Five election campaigns between 1957 and 1965 had strained party funds to the breaking point and increasing reliance on costly television advertising compounded the problem.

In 1966 the Government announced the formation of the Committee on Election Expenses (referred to as the "Barbeau Committee"). The Committee summarized all the early 20th century attempts at serious reform by stating: "Yet for almost a half-century nothing of significance to election expenses has changed in the federal statutes".[6] The Committee's mandate was remarkably broad and included formulating recommendations on expenditures as well as on contributions.[7] All parties welcomed the new efforts. The Right Hon. John G. Diefenbaker was particularly anxious for the Committee to examine party expenditures as media costs escalated to the point where "... it renders it very difficult for an average Canadian to take his part in public life".[8] The New Democratic Party's T.C. Douglas hoped that the Committee would advocate disclosure of campaign contributions.[9] Quebec's efforts under Premier Lesage to amend electoral legislation dramatically, to the extent of limiting spending and introducing a public candidate subsidy, served as a touchstone for the study.

The Report of the Committee on Election Expenses was presented to the House of Commons on October 11th, 1966. It recommended implementation of many of the provisions finally passed a decade later in the Election Expenses Act: the recognition and accountability of parties; the disclosure of contributions; media expense ceilings and tax incentives to broaden the contributory base. The Report also suggested that a portion of the media costs be subsidized. The parties could not agree on whether or not to adopt this approach, however, and, in fact, the 1968 election did not differ in any respect from the others. Of the reports required to be filed by candidates under existing laws, 27.6% of the candidates neglected to submit any statement.

The issue was once again examined by the House of Commons Special Committee of Election Expenses in 1971 (52 recommendations emerged) and debated by Parliament when Bill C-211 was introduced by the President of the Privy Council in May of 1972. It was not until January 3rd, 1974, however, that the Election Expenses Act (Bill C-203) finally received passage, incorporating many of the

Barbeau Committee's recommendations. Much of the impetus behind the passing of the Act can be traced to the aftermath of Watergate; financial affairs of parties were increasingly the target of criticism throughout North America.

The Election Expenses Act introduced many revolutionary concepts: recognition of parties (and a limitation on their expenditures); a complex enforcement machinery; public disclosure of all contributions valued at over $100; a complete income tax credit system to encourage individual contributors; and public subsidies to candidates.

The effects of the provisions of the Act will be explored in this chapter mainly through interviews with numerous individuals closely involved in federal politics. Bill C-203 was substantially redrafted after its introduction. The New Democratic Party was firm in pushing for disclosure of contributions which the Liberal Party, in a minority Government position, finally accepted after ensuring that gifts in kind (which worked against unions providing organizing skills to the New Democratic Party) were also included in the Act.[10] The New Democratic Party also managed to lower the requirements for eligibility to receive generous candidate reimbursements and to weigh the tax credit to the advantage of smaller contributors. The Conservatives, on the other hand, were more keenly interested in controlling media costs. The new Act excluded "volunteer labour" from election expenses, a concession to the New Democrats. This meant that although services were not regarded as a donation of goods, if the individual providing them normally earned a living from their provision, then the value of time had to be regarded as a contribution.

There is little doubt that the Election Expenses Act has fundamentally affected the electoral process, especially at the party level. Most importantly, its provisions are generally respected and adhered to, unlike the laws of the 19th century and even those in place through the 1970's. This is, in part, due to the fact that the Act offers many incentives, both to candidates and to parties, in the form of reimbursements for candidate expenses and media costs, which are available only if the reporting provisions are satisfied.

Similarly, the Act has been revolutionary in its encouragement of public participation in elections, principally by making individual contributions more affordable, and also by encouraging direct volunteer involvement through the limitation of candidate expenditures. "What it's done is it has involved more people, democracized the process", observed the Liberal Party's National Director, Gordon Ashworth. "People know where the money is coming from and where it is going .... generally it should be given high marks."

Seven years after its enactment, the legislation appears to be well-received by candidates and parties. With the exception of by-elections, the Election Expenses Act's first test came with the 1979 General Election. "The thing worked so well that I was walking on air when it was finished", said Mr. Roger Dubé, charged with overseeing the Act's operation under the Office of the Chief Electoral Officer. "Overall, the thing worked beautifully. It did what it was supposed to do."

Section III of this study discusses the change which political fund-raising has experienced since 1975. Despite the fact that there are no limitations on contributions, the federal scene has witnessed a broadening of the contributory base due to disclosure and the tax credit: "Because contributions had been given such a bad name by the charges that went on in the 1960's, it was decided that contributions should be laundered and it should be seen to be a good thing to give to a political party", commented the Hon. John Reid, a Member of the House of Commons Special Committee on Election Expenses. The Act has once again inspired confidence in the federal political system. This does not mean that there is an absence of problems, nor that all three parties are entirely happy with the results, but the Election Expenses Act serves at least as a starting point: "There should be full disclosure, a spending ceiling and public funding", said New Democratic leader Edward Broadbent. These objectives have been incorporated into the legislation.

Mr. Leslie Seidle, a former Parliamentary assistant who has written extensively on the subject, summarized the Act's new path in this way: "Instituting laws like the Election Expenses Act brought in concepts of the public interest which never existed in the Canada Elections Act and arguably didn't exist in some other statutes as well".

II. PUBLIC FINANCING: THE CANDIDATE SUBSIDY

The Election Expenses Act (now incorporated into the Canada Elections Act) initiated a public subsidy system to aid candidates polling 15% of the votes cast. The concept is revolutionary, although in Canada its origins can be traced back to 1920 when the House of Commons debated election financing reforms. One member suggested that the real solution to excessive and improper spending would be to have all campaign expenses covered by the public treasury.[1] This reform proved to be unacceptable and even the present subsidization does not have such wide scope.

By 1965, the seeds for public subsidy had finally germinated. Professor Meizel's survey indicated that Canadians viewed this form of government support as being only a natural extension of public involvement in all spheres of activity.[2] Although the subsidy would serve as partial compensation for the reduction in corporate donations which accompanied disclosure, it was primarily designed to broaden access to political office for those of modest means. The 1966 Barbeau Committee, in suggesting the subsidy, pointed to the increased costs of campaigning, due to the growing importance of advertising, as justification for this reform. "The Committee therefore considers it desirable that certain basic necessities of a minimal election campaign receive public support so that all serious candidates may be provided with an opportunity to present their views and policies to the electorate", stated the report.[3] Only six years after its implementation, the reimbursement to candidates totalled an astounding $17,015,577 for the 1979 and 1980 elections combined.

In the event that the candidate received 15% of the vote, the scheme provided for the reimbursement of the cost of one first-class mailing to every voter on the list plus 8¢ for the first 25,000 voters and 6¢ for each one thereafter. An allowance for travelling expenses up to $3,000 in some remote ridings was also included.

The Effect of Reimbursements

The federal rebate has been the subject of unanimous praise from candidates and parties alike: "It's made it possible for more candidates to conduct serious campaigns", stated Edward Broadbent.

Candidates have put the subsidy to a variety of uses. Depending upon the party, a portion of it is usually forwarded to the central office; if there is a campaign deficit, naturally it is applied to the debt. As the candidates have grown accustomed to receiving the rebate, they have used the anticipated funds for securing a loan. If a surplus remains after the campaign, the money is often applied to fund-raising activities between elections or it is retained in anticipation of the next campaign. "If we have a cushion, we want to use it at the beginning of the campaign so that we don't have to go out and be 'under-the-gun' from day one when the writ is drawn", said Mr. Benno Friesen, Conservative M.P. for Surrey/White Rock, British Columbia, whose riding retains all of its subsidy. "It becomes very important to us."

In some cases the central party will borrow from the riding at a stated rate of interest. In others, the money is used to cross-subsidize another candidate's efforts. The reimbursement of Mr. Joe Reid, Conservative M.P. for St. Catharines, Ontario, has usually been tagged for local activities: "We encourage its use between elections so that we can continue an ongoing election campaign. I advocate ongoing use of those funds to continue the party's profile between election years. It's equally important if you are not the incumbent because far too often you tend to lie low and do nothing until the next election, which makes it even more difficult".

Mr. Nelson Riis, a New Democrat Member from B.C., cited his riding as an example of how the funds are commonly used by his colleagues in the House: "By having some money left over to call meetings and do a variety of other things, you maintain interest in politics. We've held a lot of gatherings in the riding simply because we've had the money and thought, 'Why save it for an election?' The money is going to come anyway so we ought as well use it now. It has enabled me, as a Member of the House, to actually do a better job and provide better service". "Since the Act has come in, there has been more activity between elections than ever before, which is good for the political process", confirmed Gordon Ashworth.

The benefit which the constituency associations and candidates receive through the subsidy, however, is partially offset by their handicap in retaining funds collected by their own inter-election activities. "One of the advantages of the Ontario Act which Members greedily look at from here is the fact that the ability to collect money on a year-round basis is vested in your constituency associations", said the Hon. John Reid. Under the federal Act, ridings can only retain money collected during the campaign period. To qualify for the tax credit at other times, funds must go through the party office where, in most instances, a "tithe" is applied. The ridings are often able to retain only 25% of a donation originating in their area. The Hon. Mr. Reid explained: "The reason for this is that when the

Act was passed, constituency associations weren't considered strong enough to bear that responsibility. There was great concern as to what might happen if constituencies had the power to raise money all the time. We adopted a very cautious approach". It has apparently yet to be determined whether the associations have come of age to the point where they may take on this task.

All three parties appear to have benefited from the subsidy provisions. Mr. Siedle's study for Canada at the Polls, 1980 indicates that the reimbursement constituted about one-third of a candidate's spending limit.[4] Although almost all Liberal and Progressive Conservative candidates (with exception of the latter party in Quebec) received the reimbursement after the 1979 campaign, only one-half of the New Democrats qualified.

It must be noted, however, that the reimbursement has played a vital role in the New Democratic Party campaign: the organization's 282 candidates spent $2,665,000 during the 1979 campaign and received more than half -- $1,670,000 -- in reimbursements.

Although the subsidy is not adjusted for inflation, its dependence on the cost of a first-class mailing has boosted the refund's value. As years pass, the subsidy will increasingly approach the expenditure ceiling. "They have to rework the method of calculating both the limits and the reimbursement", suggests Dr. Paltiel. "There should be a more realistic limit on the one hand, and the reimbursement should be a proportion of the spending limit on the other." A United Kingdom study of subsidies to candidates concludes that the reimbursement should not be too high in relation to the candidate's other resources and certainly not so high that it discourages "voluntary effort or constituency activity which at present centres around fund-raising".[5]

Qualifying for the Subsidy

Section 63.1 of the Canada Elections Act sets out the requirements for the subsidy, namely, receiving 15% of the votes to qualify. The level for qualifying is arbitrary and although several provincial jurisdictions have incorporated it into their legislation, it has provoked serious discussion centred around the level's potential to hinder political discussion.

Curiously, it is the New Democratic Party, although it would gain the most from any downward adjustment, which is relatively content with the level. Mr. Broadbent did state that it probably would make more sense to drop the threshhold to 10%. "It's pretty good for us on the whole now and increasingly more ridings will easily qualify for the 15%, but what it does mitigate against in a democracy is a (political) movement that may capture 5 to 10% of the vote." Although, adding that many candidates have narrowly missed the cut-off and that a 10% level would be enough to discourage candidates running for a lark, Mr. Broadbent did express support for the concept. "It's made it possible for more candidates to conduct a serious campaign."

There is little doubt though that the subsidy has been practically available only to candidates affiliated with the three major parties. Mr. Joe Reid thinks that this is a positive feature of the Act, since candidates already have to contend with less than serious opponents, i.e. the Rhinoceros Party, and these groups should not be eligible for public support. "There is a wide range of fringe candidates who know they are not going to win. It seems to me that this makes a farce of elections and brings serious candidates into discredit. I would hope that this mechanism continues to discourage that kind of tendency." If that is the intent of the legislation, it has certainly been successful. Only two independent candidates qualified for the subsidy in 1979.

Mr. Friesen advocated an even higher cut-off, perhaps in the neighbourhood of 20%, but acknowledged the difficulty of balancing interests: "You have to preserve free access for everybody to run, but I don't think that the 'nuts' ought to be able to run and have the cost of elections mushrooming. There has to be a weeding out so that the democratic process can function unhindered. I think you have to earn your right to be heard and only if you have a substantial following should you be able to get that kind of subsidy".

Central Parties and the Candidate Subsidy

"Today, to a greater extent it has taken some pressure off the central party in terms of its necessity to fund local candidates", said a Conservative fund-raiser. "Any candidate, with very few exceptions, should be able to fund the candidacy under the Act." It is also true that while the subsidy has strengthened ridings, it has also fundamentally altered their relationship with the central organization, which used to supply much of the funding. Mr. Roger Dubé maintains that the subsidy has had a tremendous impact on the relationship. "This almost formalized riding associations because they have a lot of money. Before, they started scrounging a few months prior to the expected election date to get people to contribute to *them.* They don't have to do that any longer."

"The riding association can now go and seek a type of candidate who necessarily wasn't there before because they didn't have the money to run. Riding associations, if they wish, can be a little more selective", said Gordon Ashworth. They certainly have not been reticent to use this new freedom, much to the anguish of the party offices which at times prefer to select their own candidates. In the past, the promise of funding a riding's campaign was the ransom for allowing a "parachuted" candidate to run.

The central party organization has suffered due to this shift in financial power. When corporate donations decreased, the central offices began to look at riding associations with envy. "I think that's a weakness in the *Act*. What it does is it reduces the ability of the central party to control itself. Some of these candidates are pretty arrogant", said Mr. Dubé.

Problems and Prospects

The subsidy is not dependent on need, so that if a candidate has raised more than he can spend, he will nevertheless be entitled to a reimbursement. The Chief Electoral Officer has now proposed that the reimbursement be directly tied to need so that expenditures will be encouraged to remain minimal. If the recommendations are accepted by Parliament, only a candidate who spent less than half the limit will be eligible for the subsidy.

Another area of possible reform is the handling of payment of the reimbursement. Presently, it is the candidate who receives the cheque, and it is the official agent who must control all funds and disbursements. The Chief Electoral Officer would like to see the agent receive the cheque to ensure that all debts are properly discharged. Curiously, in the Maritimes the reimbursements created some problems with respect to volunteer staffs. It appears that the existence of the subsidy was better known than the fact that there were spending ceilings. Consequently, workers, who in the past served as volunteers, wanted a portion of the rebate and therefore offered their services for hire.

In general, the reimbursement has created few problems for candidates. As Mr. Ashworth summarized: "If you talk to a candidate or an M.P., they will tell you that what has happened is just fantastic — that they have money!"

III. THE NEW DYNAMICS OF FUND-RAISING

While this study has warned against the conventional wisdom that implies a direct relationship between money and electoral success, reality dictates that money is the fuel of politics.[1] A campaign fund-raiser for Abraham Lincoln once wrote that "Men work better with money in hand",[2] and this observation loses little currency in the context of modern Canadian politics. Yet the techniques and actors involved in the process of financing our political parties have been altered dramatically in response to changes both in the fabric of Canadian society and of our political values.

Whereas a 19th century fund-raiser could accurately remark that "You can't run a party on nothing, and when you need money the place to get it is from them that have it",[3] the requirements of democratic campaign financing have placed certain restrictions on this approach. In Canada, at both the federal and provincial levels, legislative reform in this area operates on the broad principle that contributors should not be in a position to exert undue influence on our elections, candidates or party policies.[4] Because federal legislation regulating these contributions is indirect, it is largely left to the parties and their fund-raisers to protect the integrity of the political process.[5]

While the mechanics of fund-raising have changed dramatically in response to provisions in the Election Expenses Act, the subject of concern among party fund-raisers remains the political involvement of large contributors.[6] Not unrelated to this are the subsidiary problems that arise when parties raise money from interests doing business with the Government.[7] The charges of tollgating and kickbacks,[8] which have arisen in some areas, stem directly from the lack of contribution limitations and continue to muddy the fund-raising waters of central parties, regardless of whether such charges are well-founded or not. Whether directly (via disclosure provisions) or indirectly (via the tax credit for individual donations), the altered importance of the corporate, union or so-called "fat-cat" donor dominates the way the federal Act has affected party fund-raising, and has far-reaching importance on the quality and effectiveness of political participation by the unorganized individual citizen. Commenting on the effect of the Act since 1974, the Hon. John Reid stated: "What we've done is provide an acknowledgement to a lot of the little people who had supported the process over time that what they had been doing was right. We have also provided a way out for the larger corporations who were really starting to feel the pinch and who really felt that they ought not to be in this business (of donating money) anymore, if only because of the interconnection between Government and business".

Fund-raising Structures: A Brief History to 1974

With the series of electoral reforms that came about in the federal Dominion in the latter half of the 19th century, such as the extension of the franchise and simultaneous polling, the organization of the federal political parties began to differentiate and specialize into a number of roles. Out of this specialization came the fund-raiser, whose very existence relieved the party leadership of onerous duties, as well as the danger of public disclosure and attendant scandal. An informal and politically shrewd system of fund-raising professionals grew up within the parties. Generally, each fund-raiser had his own financial domain and operated under the aegis of a full-time co-ordinator, who was usually blessed with a seat in the Senate. The fund-raisers for the old-line federal parties were usually Senators, corporate lawyers or business executives whose personal solicitations were successful largely because their ranks were drawn from the same socio-economic strata as the men they solicited. The overall effect of this collection structure was to perpetuate a traditional fund-raising system in which business was the main pillar of party finance.[9] Until the 1960's, only 4% of Canada's population contributed individually to federal parties, and 90% of all campaign monies received reputedly came from the financial power centres of Toronto and Montreal.[10] In terms of party fund-raising, these characteristics perhaps account for popular suspicion of and alienation from the system of party financing prior to the 1974 Act.

Before the Act was promulgated, there were several concrete differences between the fund-raising structures of the national parties. The Conservative Party, for example, was a more centralized organization than the Liberal Party, largely due to the fact that its weakness in Quebec precluded the growth of any independent provincial wing there.[11] As well, the fortunes of Conservative Party financing prior to the Second World War seemed to turn more upon the impact of its leadership than in the Liberal Party. Indeed, R.B. Bennett personally helped sustain the party by contributing from Bennett-owned industries in the 1930's, while the programmes of Dr. Robert Manion were the direct cause of party disaffection among the Montreal business community in the early 1940's.[12] The

Conservative funding structure had still developed much like its Liberal counterpart, however, in the crucial areas of specialized fund-raisers and full-time party finance chairmen.

In contrast to this, the minor parties which rose to prominence on the federal scene beginning in the 1920's had a 'grass-roots' level collection structure characteristic of agrarian protest movements. To a certain extent the federal New Democratic Party inherited the popular fund-raising tradition of its predecessor, the Co-operative Commonwealth Federation (C.C.F.) and other "anti-big-business" parties such as the Progressives, United Farmers or the Social Credit Party. Nevertheless, the socialists also became dependent upon trade union dues for survival as society organized itself into ever larger economic units.[13]

These traditional financial bases remained largely intact as the 1974 legislation was introduced, and preliminary reports made by the parties to the federal Chief Electoral Officer in the first operating year of the Act revealed that the two old-line parties collected less than 25% of the amount collected by the New Democratic Party through individual donations.[14]

"Broadening the Base" -- Early Failure and the Subsequent Effects of the 1974 Act

While there are no outright limitations on contributions in the current federal legislation, the general effect of its provisions has been to broaden the fund-raising base. Historically, the first attempts at this came from the parties themselves. Most notable was the 1943 Conservative "Popular Finance Campaign", which sought individual donations up to $25.[15] Expensive advertising and canvassing were carried out, yet the public response in contributions was dismal. This forced the Conservatives to return to the business community, and confirmed any Liberal doubts about attempting a similar plan. The failure of Adlai Stevenson's Presidential Campaign in the United States in 1952, founded as it was on a $5 contribution drive, added to Canadian parties' suspicion of broadly based campaign financing.[16] This wariness was not altogether unfounded, as the Barbeau Committee discovered. In a companion study to the Committee Report,[17] Meisel and Van Loon produced a survey of voter activism and donation patterns following the 1965 federal election. They found that only 4% of the respondents actually contributed money to a political party when solicited. Indeed, only about 5% were solicited. While awareness of fund-raising activities generally increased among voters living in regional C.C.F./N.D.P. bastions, such as Saskatchewan, fully 80% of the survey sample could not say that they had heard of such activities.[18]

Under the old Canada Elections Act, mass fund-raising was viewed as unnecessary and unworkable by the parties and remained generally unknown to the public. The personal approach to fund-raising was still the preferred technique, with emphasis placed on canvassing by friends, co-workers or business colleagues.[19] Even the more sophisticated technique of fund-raising dinners was not taken avail of immediately. Data from the 1966 Meisel and Van Loon study further indicated that Liberal appeals were most successful among the higher income groups, while the New Democratic Party's financial support was the most widely distributed. As well, only a small percentage of the total number of trade unionist respondents were asked to contribute to the New Democratic Party - the supposed "political arm of labour". This perhaps demonstrates that prior to the federal reforms even the New Democratic Party had failed to achieve financial support from a large body of potential constituents.[20]

The benefits that could be obtained by broadening the fund-raising base were evident to fund-raisers of all parties, and the rationale that ultimately motivated the Election Expenses Act provisions rested on the promise of greater party identification from the small donor if contributing was made more attractive to him. As a long-time Progressive Conservative fund-raiser recently remarked, the Act, as it was finally implemented, aided party fortunes by allowing the "average guy" to participate in the political process: "When you contribute money, there's no question that your interest heightens to some degree. You feel more a part of a situation when you've made a tangible contribution. Your identification with the party heightens. There's a bigger commitment". In fact, the impetus for reform in federal election financing came from the parties themselves, and the history of the Barbeau Committee, as well as the minority atmosphere in which the 1974 Act was susbsequently passed, reveals a strikingly congenial, goal-oriented process, only partly explicable in terms of political expediency. Concurrent open hearings, on the other hand, were notable only in their disclosure of continued public indifference to the subject of election financing reform.[21] After the run of general elections throughout the mid-60's, and the concomitant strain placed on party coffers, the old system was "chafing at all sides", according to one Liberal M.P. involved in the reform process.[22] "Generally", he remarked, "I think that there was a feeling that the old system had been stretched to the point of no return and that a big change had to be made".[23]

Following the 1974 Act, there were indeed significant changes in party fund-raising strategy and dividends. By 1977, the Liberals managed to collect close to 50% of their funds from individuals. The decision to canvass corporations on an annual basis led to an increase in the proportion of funds coming from business throughout the late 70's. In 1980, the percentage of corporate money hovered around 60% of total donations.[24] As for the Progressive Conservatives, total contributions increased 500% between 1974 and 1979, and the number of individual donations increased from 6,423 to 34,954 within the same period.[25] In 1980, the number of individual donations dropped slightly to 32,720. When seen as a percentage of total donations, however, the corporate sector, as was the case with the Liberal Party, remained the largest contributor. Private and public corporations accounted for 49% of all Conservative donations in 1978, this figure rising to 60% in 1979 and dropping off to 58% in 1980.

While the New Democratic Party's total revenues were lower than those of the two older parties in the first two years following the Act's proclamation, it received four times as many individual contributions as its old-line rivals. This reliance on individual donations continued after the Act took effect and by 1979, twice as many people were giving to the New Democrats as to the Conservatives and nearly five times as many as to the Liberals.[26] Until 1979, trade unions accounted for only about 15% of total party contributions, while in 1979 and 1980 this figure rose to 37% and 35% respectively.

Thus, by 1980, the lack of contribution limitations combined with a return of reluctant corporate money to produce a more traditional contribution balance, with the exception that the fund-raising "pie" had grown much bigger due to the boost the Act gave to the exploitation of the small contributor base.

The Act and Corporate Fund-raising

The almost total dependence of the Liberals on corporate money in the 1979 campaign best illustrates the changing effect of the Act. In that year, ten large corporations, including the five major banks, each gave $50,000 or slightly more to the Liberals,[27] prompting journalists to write that the Act had enriched parties, but had dealt a blow to democratic principles.[28] The disclosure stipulation in the Act initially helped move many large corporations to cut their contributions entirely. With the opening of party ledgers to the public, companies no longer felt that they could safely hedge their bets by financing two or more parties.[29] The issue of corporate money on the federal level, after the 1974 Act, was dealt with almost exclusively by the parties themselves. As the federal Chief Electoral Officer, Jean-Marc Hamel, commented: "Although we (at the federal level) don't have individual limits on the amount of contributions, the parties themselves don't want to be perceived as being too highly financed by some interests. So both parties put $25,000 as the maximum amount of money they will accept in a non-election year from any corporate or individual donor. In an election year, it's twice that amount, which is still much less than what they used to receive. I think it's quite obvious from this that it has drastically changed the finances of two of the three major parties. The total amount of money that the two major parties have collected is not that much different than what they used to collect in an election year, but the sources are quite different".

In the Liberal Party of the 1960's, election-year contributions sometimes were as high as $100,000 from a single source. By altering fund-raising procedures so that major donors were canvassed annually,[30] and by imposing a ceiling on maximum donations from any one source, the Liberals found a way to adjust their fund-raising system so that total donations remained both unadulterated and not altogether unseemly in light of the Election Expenses Act's disclosure provisions. Senator John Godfrey, a former National Fund-raising Director for the Liberals, explained it this way: "When the Election Expenses Act came in, I thought the public would be cynical about the large sums of money given to political parties by the very large corporations. They wouldn't be able to understand why someone would give like that unless there was something in it for them. I recommended that we not accept more than $50,000 in any one year from any corporation - strictly as public relations. Keith Davey wanted $25,000 and the Prime Minister agreed". When Senator Godfrey wished to raise this limit in the first year of the Act, the resolution passed "without a ripple of public interest", largely due to the disclosure that corporations gave equally to both major parties.

Nonetheless, each fund-raiser often kept his own formula as to corporate limits. While in off-election years the fund-raisers sought 20 or 25% of what they would ask corporations in campaign donations, some, like Senator Godfrey, would tie the amount solicited to corporate profits. "My formula", Godfrey said, "was one-fifth of 1%

of its (the corporation's) profit. This translated into $2,000 for every $1 million of profit in election years".

A major problem arising immediately following the introduction of the Election Expenses Act was the effect of the American "Watergate" scandal. While these well-publicized revelations of corporate-political shadiness helped give immediacy to the Canadian Election Expenses Act reform process, it had a negative ripple effect on fund-raising by the national parties. Many corporations, especially those which had American parent companies, seemed to use the U.S. legislation to justify turning off their political donation's tap. As Jack Armstrong, the president of Imperial Oil, asserted at the time, "Financing should be the responsibility of individual citizens".[31] The more likely catalyst in these decisions to stop political funding, however, was the American corporate policy set in the wake of "Watergate".

In Canada, American subsidiary contributions were cut back. "Because they were forbidden from giving there, they didn't give here", commented political scientist, Khayyam Z. Paltiel. Liberal Senator Godfrey discovered this shortly after the Act came into effect when he solicited I.B.M.: "The man at I.B.M. decided to give $25,000 and $5,000 between elections. The chairman stood up at a meeting and informed the group that I.B.M. never gave in New York and was horrified to find they gave in Canada. So he 'canned' the donations because I.B.M. doesn't give anywhere in the world". It would have been a misuse of American shareholders' money to contribute to Canadian parties when it was illegal in the U.S. However, the American emphasis on "political morality" during this period was somewhat ameliorated by the Act in that party officials, such as the Hon. John Reid, could "point to the Act and say that the law in Canada allows corporate donations - it says it's a good thing to give". Indeed, a prominent Conservative fund-raiser acknowledged that "the parties have worked together to explain the law to U.S. subsidiaries", and the head of the P.C. Canada Fund at the time, Mr. Terry Yates, admitted that fund-raisers from all parties were using the argument of "corporate responsibility to support the process" in order to soothe jittery contributors.[32]

In 1974, after the Act came into effect, only 17 corporations gave $10,000 or more to the Liberal Party, and the refusal of traditional donors such as Canadian Pacific and Inco to give prompted fear of an organized boycott.[33] These fears, which never materialized, were lessened by the Act through its provision of spending ceilings and the individual tax credit, both of which lessened the perception of a need for parties to scramble after corporate money. Nevertheless, these provisions made corporate money less forthcoming initially. As Gordon Ashworth put it, "The Act allowed the corporations to 'get off the hook' by saying: 'You can go to my employees so I don't have to give'. The parties had to go to the individual". This came about largely due to the belief that influence-seeking was the irresistible motive force behind corporate and special interest group donations. In providing for disclosure, the 1974 Act perhaps demonstrated that the expansion of support bases diffused political influence to the extent where parties valued votes more highly than money from any single source.[34] Joe Reid explained the Act's effect in this area: "I'm not so sure we (the parties) became beholden to them (large donors), but we knew we would tap them and we knew we had to look after them. That, I am pleased to say, has changed. Now there are (party) limitations on what people can give. There's disclosure ... and there is much wider public participation now".

As for the motivation of the large interest or contributor in donating, clearly the maintenance of an atmosphere conducive to business is a factor. While the broad goal in donating money seems to be stability for corporate activity,[35] the large contributor really wants access to the decision-making process.[36] The fact that corporations now give equally to both old-line parties, instead of a 60-40 split in favour of the governing party, may indicate both increasing corporate political activism[37] and the growing stability of the corporate entity. It may also indicate a desire not to reinforce public misperceptions in the clear light of new disclosure provisions. As one Liberal fund-raiser, who denied the existence of corporate ulterior motives, said, "I thought the idea of giving more money to the party in power was wrong. It almost indicated that you were expecting to get something out of it".[38]

Historically, the Canadian Parliament had already grappled with the idea of banning corporate contributions entirely. Riding the wave of American Progressivism in 1908, the House of Commons amended the 1874 Dominion Elections Act[39] to achieve this end, extending it to cover unions in 1920. However, there were several loopholes in the amendment, and enforcement was non-existent. It was finally repealed in 1930. The rationale used to support it remains persuasive today, however. The objective was to protect stockholders and union members from having their organizations' funds used for political purposes of which they may not have approved.[40]

Some New Democratic Party members of Parliament would certainly support a ban on corporate donations today, if not union check-off contributions. Nelson Riis, a New Democratic Member of Parliament from British Columbia, stated the case this way: "I've always thought that it is people, not corporations, who participate in the electoral process ... my preference is for people to support political parties as opposed to things. I just find it always uncomfortable ... when property votes".

The majority of fund-raisers and partisan representatives in Canada still argue that the 1974 Act was correct in ignoring the opportunity to regulate corporate input into the electoral process. Gordon Ashworth reasons that "the corporate citizen should put something back into the system". Even if this isn't allowed, he argues, there are ways of getting around any prohibition, such as the registered corporate "political action committees", which have arisen in the United States.[41] The traditional reason for allowing corporate money to go unrestricted in federal legislation, however, is best put by Roger Dubé and Benno Friesen. Mr. Dubé comments: "They (corporations) are corporate citizens and they should be allowed to contribute as a citizen would to political activity in this country. If they didn't do it, the burden would fall on the individuals".

And Mr. Friesen: "We talk of corporate citizenship in every other way. We feel that they ought to be good corporate citizens when it comes to the environment and trade practices - why is this one area (donations) to be exempted?".

Finally, any attempt to impose contribution limitations on large interests at the federal level runs the risk of "so dampening the system that parties won't have the money they need".[42] According to some fund-raisers, in fact, the whole issue of controlling corporate contributions has become a moot issue under the operation of the Act. As the Hon. John Reid argues: "If you look at the way contributions flow in and their size, we don't see any requirement to limit this size because at the federal level the large contributions simply aren't there any more". The Hon. Reid suggests that the parties' self-imposition of a ceiling on corporate donations is less selfless than it seems - the parties may simply be unable to secure larger contributions. In the last analysis, many feel that the disincentive of disclosure provisions is enough to place an artificial control on oversize donations.

Disclosure

Eight years after the passage of the federal Election Expenses Act, the provision of public disclosure of large contributors seems to obtain a greater degree of approval from fund-raisers than any other reform. A prominent member of the standing committee overseeing the Act commented: "When you look at the way in which campaigns have evolved under the Act, I think you'll find that most people involved in them would say that this (disclosure) is one of the better features of the whole process. The parties aren't really throwing money around like drunken sailors".[43] Without disclosure, political financing was as difficult to measure as political influence, given the secretiveness of political managers,[44] faulty reporting procedures and incomplete records, due to improper co-ordination within the parties.[45] Under Section 63 of the old Canada Elections Act, local candidates and their agents were required to make declarations to the House of Commons, which would be summarized as "parliamentary returns" on the formal request of Members. However, an increasing percentage of candidates (25% in 1974) ignored this law, and no one had ever been prosecuted or even audited for this negligence.[46] In the wake of "Watergate", disclosure provisions became part of a revamped reform bill in Canada. In the bill introduced by the Liberals in the 28th Parliament, disclosure was to be required only by categories such as "corporations", "trade unions" or "individuals". While this bill was never passed, the 29th Parliament, sitting after "Watergate", introduced an altered bill - Bill C-203 - which required that the names of all donors of over $100, regardless of category, be published.[47] The immediate effect of this provision was to even out the corporate contributions from large public companies. As K.Z. Paltiel notes, "The old 'rule-of-thumb' used to be 60-40 (i.e. the percentage of overall corporate contributions to the Government and to the Opposition respectively), but now it seems to be 50-50. That's disclosure".

Another reason why the tougher disclosure provisions of Bill C-203 passed through the legislature was the political reality of a minority government situation. The New Democratic Party, which held the balance of power, had always had an overriding preoccupation with the "moneypower" of large interests, and the disclosure aspect of the legislation was one of the things held out to the New Democrats for their support. In many respects, disclosure has functioned in the federal political environment much as the New Democrats had hoped it would. As a Conservative M.P. explained: "People, who would be tempted to give excessively with vested interests, encounter a built-in hesitation with the openness. That's usually enough of an incentive not to overdonate".[48] The Liberals also planned on this inhibiting effect. Liberal M.P., the Hon. John Reid, felt that "It was our (party's) expectation that disclosure would automatically limit the size of contributions". He went on to suggest that the subsidiary effect of broadening the financing base would be welcomed by large contributors. "Some of the most ardent proponents of reform were the people who were tired of being approached by the party bagman", he said.

The actual "nuts and bolts" of the federal disclosure provisions require the registered parties to appoint qualified auditors with the legal obligation to audit their financial affairs and to submit reports to the chief electoral officers. Section 13(4)(2)(a) of the Canada Elections Act provides that "The chief agent of a party must submit two returns, together with the appropriate vouchers and with the auditor's reports, one covering the party's regular operations and another the election campaign expenses, within 60 days of the end of its fiscal year or within 6 months after polling day respectively, in a form prescribed by the chief electoral officer. The annual return must include first, the total sums donated to the party by each of the following classes of contributors: individuals, public corporations, trade unions, corporations without share capital and unincorporated organizations or associations - together with the number of donors in each of these categories; and second, the individual contributions in each category, including the amounts given and the name of each giver whose aggregate gift exceeded $100 in the fiscal period".[49]

These rather stringent requirements also apply to the candidate, where a summary of the election expenses return and the auditor's report must be published in a newspaper in the constituency. As well, all returns from the candidates and their riding associations must be forwarded to the Chief Electoral Officer in Ottawa. Penalties for non-disclosure under the Act include the possibility of a jail term for the candidate's official agent, and the candidate and party can each be fined up to $25,000. While the enforcement record of these penalties is still quite poor, the effect has been to increase legal involvement in campaigns. As Gordon Ashworth remarked, "The party (Liberals) has had to pay a little more interest in how money is raised, being sure that the people who are spending it and the people who are raising it are on the same wavelength; otherwise those candidates may become liable".

The $100 disclosure figure is one of the few areas which fundraisers would like to see changed, if only because of the ravages of inflation. Senator John Godfrey is more inclusive in his criticism: "I think it (the $100 limit) is too low ... I had more faith in the Members of Parliament - I thought they couldn't be bought for $101. I was even against disclosure for corporations. If people want to give to someone because he is a friend, but they belong to another party, they can't do it because the information is public. We're indexing (to inflation) everything else in the world, why don't we index this amount?".

As for the perspective of the M.P., sitting Members are comfortable with the disclosure provisions in that they represent incontrovertible evidence with which to fight innuendo. Nelson Riis noted this effect: "It clears the air a little bit. If people want to find out who contributed to your campaign, well, it's there. It takes the mystery out of it so that you can't be accused of taking this and that. I'd always been accused of having these union monies behind me and I knew it was nice to have this audit take place and list everybody who contributed. I knew that no unions contributed, so I could categorically deny it based on the evidence I presented".

There are many critcisms of the federal disclosure approach to controlling contributions indirectly. One observation, made by Leslie Seidle, is that the "disclosure information is underutilized". Apart from the odd media commentary which focuses disproportionately on corporate donations, there is little interest in the sources of donations.[50] Because the effectiveness of disclosure depends on the transmission of information to the voter, media timing and editorial preferences may also mitigate against proper effectiveness. The information is also in an accounting, rather than analytic format, thus making it indigestible to the voter,[51] who, in any case, usually screens out information that is incompatible with his preconceived political biases.[52]

The Tax Credit

Pioneered in the United States during the Kennedy Presidency in order to encourage small individual contributions to support presidential campaigns,[53] the tax credit system for political donations appealed to Canadian legislators for the following reasons: (1) it aided the aim of year-round party funding; (2) it helped to reduce party and candidate dependence on large contributors and special interests, as well as to compensate for the projected adverse effects of disclosure in the fund-raising process; and (3) it would be a good "selling point" for party fund-raisers.[54]

The tax credit system, as adopted, is set out in amendments to the Income Tax Act. It provides for the deduction from tax of a portion of amounts contributed to a registered party or an officially nominated candidate up to a maximum of $500. These deductions must be supported by official receipts issued by the parties.[55] In calculating a claim, Section 127(3) of the Income Tax Act sets out a formula whereby 75% of amounts up to $100 may be deducted. For amounts between $100 and up to $550, the deduction is $75, plus half the amount (after subtracting the original $100).[56] The credit is $300, plus one-third of the amount by which the sum given exceeds $550, with a maximum tax credit of $500 for aggregate annual donations of $1,150. Amounts in excess of $1,150 may be given, of course, but will not be tax-deductible.[57] It should be noted that the tax credit is a deduction from taxes otherwise payable, rather than from taxable income. Thus the Act does not provide for any carry-forward of political contribution claims from one year to the next. Given this, a political contribution could not produce a refund beyond tax paid.[58] The tax credit system also makes it impossible for corporations to write-off large cash, services or goods donations on their income tax returns. This was designed to discourage further corporate gifts.[59]

While there was debate over the scope of any proposed federal tax credit in the negotiations leading to the introduction of Bill C-203 in 1973, the New Democratic Party was able to get agreement on a formula that was more beneficial to individual donors than any earlier proposal.[60] This provision alone promised a great boost in the New Democrats' fortunes. The great improvement of party finances by 1979 was largely due to the introduction of the tax credit, which, along with media reimbursement provisions, allowed the party to conduct a campaign in 1979 that cost four times more money than its

1974 campaign.[61] As K.Z. Paltiel explained, "The traditional method of financing the federal N.D.P. was from the bottom up. The tax credit has strengthened the central party". Mr. Jean-Marc Hamel agrees: "The N.D.P. was much better prepared to be financed through the tax credit; they were always funded at the base, but the amount of money that the party collected has increased tremendously. Because of the tax credit, a $25 contributor could increase his contribution to $100 without having to give an extra penny".

In the view of Mr. Roger Dubé, the effects of the credit system have been more expansive in that contribution bases have been broadened for all parties and public awareness has increased: "The tax credit had the effect of involving thousands of people who never before gave much to political parties. What this really did is compensate for the reduction in contributions by companies. Yet people also became more politically aware in those elections where they made contributions than they had previously".

With regard to broadening the candidate's base, the tax credit and attendant decreases in corporate giving may also contribute to more "populist" candidates as parties are forced to depend more on faithful constituency members. Presumably these donors will be more anxious to fund a local nominee than any parachute candidate.[62] In any case, the tax credit has led to greater activity in annual fund-raising activities at the riding level. M.P. Joe Reid believes that this does not make the party so dependent upon collections during an election year.

The tax credit has also been the subject of mild criticism, however. In the first place, inflation has resulted in "a tremendous compression in the value of the tax credit".[63] As well, there is some concern among party officials that fund-raisers may over-estimate the value of the credit. According to Mr. Ashworth, "If you look at the statistics of how many people actually use it, it's minimal, but to the party activists, it's sort of become a crutch in many ways". Finally, the New Democratic Party, which has a strong tradition of financial integration between the federal and provincial levels, has challenged the position that funds collected by means of the federal tax deduction should be used to support federal activities only.

The New Style of Fund-raising

When the Act came into effect, there was an assumption that traditional financing sources would continue to exist, and the provisions of the Act, therefore, were written from the perspective that fund-raisers would retain their long-term contacts. It was in the constituencies that new techniques were to develop. It is said that the Liberals had planned to rely on the constituencies for their major source of party funds. This move proved to be unsuccessful in that many constituencies had little incentive to raise large amounts of money, especially if they were in a position of incumbency. During campaigns, there was a fear that local activists would be oriented exclusively to the local campaign. Individual contributions to the national party thus dropped off in 1979.[64] Meanwhile, the fund-raising activities of all parties on the constituency level have increased over the last two years. The American innovations of the fund-raising dinner and the sale of advertisements in political publications have filtered down to the riding level in Canada, and many local candidates have developed further refinements, such as the fund-raising "cocktail party".[65] The incentive for the development of these candidate-level techniques comes from changes in party organization, which allow the constituencies to retain funds they raise. This change was perhaps prompted by the Act's parcelling out of spending ceilings for each organizational level. In the Conservative party, for example, the ridings receive 100% of the funds they raise. During off-election years, they retain 75% of all donations and turn the remainder over to the national party. As B.C. Conservative M.P. Benno Friesen notes, this allows a candidate with strong personal loyalties in his constituency to assure donors that their money will be put to the use they intended: "They (the donors) might not feel as strongly about another candidate running for the same party. A lot of donations are made because of a specific person running". The negative risk with constituency fund-raising, as far as national party fund-raisers are concerned, however, is the balkanization of the financing system. An annoyed Senator Godfrey remarked that: "Some of the federal ridings have amounts in the $100,000's. Some of the Members have been very selfish. They won't go out and raise money between elections because they have to split with the party".

The Era of Direct Mail

In 1974, an American political pundit argued that "An average well-run campaign can raise as much as 40% of budgeted money through the mails".[66] While the idea of using direct mail for fund-raising solicitations was not new to Canadian party politics, the introduction of the individual tax credit in the 1974 Election

Expenses Act offset the large start-up and operating costs of such a plan by making the odds of a favourable response rate attractive. In 1979, the federal Conservatives achieved quite a breakthrough with the success of their direct mail campaign. The campaign, run by the Board of Directors of the P.C. Canada Fund, was supplemental to the efforts of the National Finance Committee, which solicited major executives and corporations, yet brought in more money from smaller businesses (over $3.2 million) than funds given by the large public corporations. Unlike the Liberals, who solicited individuals at the constituency level, the Conservative campaign was conducted from the national party headquarters.[67] While dissatisfaction with the governing Liberals aided Conservative fund-raising efforts, the central computer-assisted control, which the P.C. Canada Fund had over mass mailing schemes, enabled the party to reap a large reward. After studying the Republican plan in the United States, the Conservatives purchased lists of potential contributors from media publishers. Research indicated which sort of lists would yield the most prospective contributors, and the thousands of letters dispatched emphasized the great benefit of the new tax credit system.[68] These lists were jealously guarded because of their diverse utility. After the disastrous 1980 general election, for example, the Conservatives organized an innovative telephone canvass for donations and the canvassers hired used lists of previous donors accumulated over the preceding three years. In two weeks, about $450,000 was raised.[69]

While the initial cost was indeed high, and the mailings often coincided with busy, delay-ridden months for the mail-order houses which sent the letters,[70] a P.C. fund-raiser admitted that: "Direct mail has still been our major area of fund-raising over the past five years. There are only so many dinners that you can hold. These dinners and corporate solicitations were the two major areas of fund-raising that the federal party had, but direct mail is really the reason you see a tremendous increase in the number of contributions. It is really in addition to corporate contributions".

The New Democrats have also experimented with direct mail since 1977, and in the 1979 campaign they successfully married partisan advocacy on campaign issues, such as Petro-Canada, with appeals for funds. Although not conducted on so large a scale as the Conservative campaign, the New Democrats took in an $80,000 profit from this mailing.[71]

Looking back, the Liberals now seem envious of Conservative successes with direct mail. As Gordon Ashworth explains, "it was a very courageous move in the mid-70's to go into that area. It's an area where the N.D.P. and ourselves are now playing catch-up. It has paid dividends to their central organization". Another prominent Liberal strategist, Jerry Grafstein, commented that with respect to direct mail, his party "has to be pulled into the 20th century".

The Liberals did experiment with this technique in 1972 and 1974, however, abandoning it because of the adverse publicity its expensiveness brought.[72] As well, the party was discouraged by the results of a trial run in Ontario. In addition, older fund-raisers preferred the canvassing approach. Senator John Godfrey stated: "I can tell you that on one occasion we tried a sort of direct mail 'bucks for something or other' many years ago and I think it cost us $17,000 and we got $1,500 in. So the great cost of raising money this way worries me. I would rather propose a scheme where a lot of people - one in each constituency - goes out and raises money on a quota basis of $10,000 for which they would get 10%. That would be a lot cheaper than raising money the way they do now, and a lot fairer so that people get off their 'rear ends' and you really get something. It's far cheaper than direct mail and you have all the part-timers that you need".

Nevertheless, the impression the Liberals seemed to give interested observers like Professor Paltiel was that they "almost preferred corporate contributions, so they haven't used the Act for smaller contributions". This reluctance to reintroduce direct mail techniques, for whatever reasons, crumbled in late 1979 when a party committee, under the stewardship of national treasurer Gordon Dryden, investigated the setting up of a direct mail operation at the national level to aid a sagging financial situation. This campaign began to operate in early 1981.[73] Even some of the more prominent fund-raisers eschewed the personal visit for direct mail techniques and follow-up telephone calls in an effort to reach more people. As the Hon. John Reid explained, "There's money almost all over for a proper appeal".

Ongoing Funding

The need for ongoing fund-raising activities continues to pose difficulties for the fund-raiser. As one Conservative fund-raiser associated with the P.C. Canada Fund said, "Many people who are not directly involved in the system don't realize that there is a cost for supporting the system on an ongoing basis. The party apparatus must be funded continuously. This concept takes some selling".

Thus, the federal fund-raiser has tended to work harder, if only because of the sometimes competing demands of different organizational jurisdictions. Joe Reid, a Conservative M.P., remarked: "You do sometimes get complaints from the electorate because of the persistence of the fund-raiser, but it arises as much from the confusion of the electorate in that both provincial and federal party headquarters are sending out requests for donations, as well as the local associations. So the poor donor is caught with about four requests and wonders what is happening. What makes them (the parties) so hungry? He doesn't appreciate that the provincial and federal arena, as well as the ridings, have an interest in getting some of those dollars on an ongoing basis".

The Fund-raiser, Then and Now

In the past, the image of the party fund-raiser has been clouded by public suspicion and distaste. This perhaps stems from the fact that party collection staffs have been small in size and not subject to the formal elected party organization. In the case of lower-level fund-raisers, many have never held any elective office in the party, but rather have been groomed for the task by a family member or business or law firm partner.[74] As for the party's chief fund-raisers, the principle qualification in this aspect of party activity is a large number of business "contacts" and easy access to corporate executives. Perhaps this very fact accounts for the tenacity with which this "old system" perpetuates itself.[75] This idea of "personal bonding" may also contribute to the difficulties new and unknown parties or candidates experience.[76]

The traditional fund-raising structure has been a finance committee headed by a national chairman, who is appointed by the party leader.[77] In studying fund-raising practices in this area, it becomes apparent that "the so-called bagmen used to be power centres of their own",[78] and even in the 1980 general election, leading fund-raisers, such as the Conservatives' Hal Jackman and the Liberals' Senator John Godfrey, reputedly agreed in advance on how much to ask certain top contributors to donate to their respective parties in order to prevent "price-cutting".[79] However, after the Election Expenses Act was set in place, the need to broaden the base added a new facet to these time-honoured financial fiefdoms. As Gordon Ashworth commented, "It used to be that you (the bagman) went to four or five people and said 'pull me up' and now you have to develop a 'United Appeal' approach to fund-raising".

As well, the influence of the fund-raiser on spending decisions may have increased as a spin-off effect of the Act. A prominent Conservative fund-raiser noted that: "Fund-raising used to be quite distinct from spending. Now, as demands for funds have been accelerated, the fund-raisers feel they have more of a stake in how the money and how much money is being spent".

An irony of this development lies in the expanded use of computers and direct mail. Given that mail appeals can be tailored to meet any requirements, the increasing cost-effectiveness of this alternative may reduce the scope of the fund-raiser only to the very top corporate donors.

IV. SPENDING LIMITS: THE NEW CAMPAIGN

In passing the federal Election Expenses Act, Parliament sought to strike a balance between the important objectives of lowering the costs of elections and equalizing opportunities to political office and the precise means to achieve them. Echoing the recommendations of the Barbeau Committee by selecting limitations on media advertising and initiating their own ceiling on candidate expenditures as their means, the legislators believed that access to Parliament should not be dependent on either the financial capacity of the candidate or that of his supporters. In many respects, Members of Parliament acknowledged the maxim that money may be the mother's milk of politics. Certainly, the Liberal Party's National Director, Gordon Ashworth, believes that spending plays a crucial role in an election: "The only thing I say to a candidate is there are three words you have to remember in a campaign: money, money and more money. If you don't remember those, you're not going to win!"

"If you're interested in equalizing the campaigns, in equalizing chances, then that's where the limits are going to work", observed Carleton's political scientist Khayyam Paltiel,[1] "but if you don't have any effective check on costs, that would be a basic weakness". At the time of their inception, spending ceilings appeared to be the most dramatic development in Canadian election legislation. Not surprisingly, the debate which accompanied their introduction was shrouded in a cloud of doubt and uncertainty; had the Liberals not been in a minority government position in 1974, it is possible that this approach to election regulation would never have been taken. Once the parties familiarized themselves with the Act's expenditure provisions, however, the transition appears to have been a rather smooth one. The twenty-five by-elections, which preceded the 1979 General Election, afforded the opportunity to iron out any wrinkles in the new system.

To be sure, both nationally and at the riding level, many adjustments had to be made in light of the strict accounting of expenditures required under the Act. Gordon Ashworth confirmed this in stating: "What it (the Act) does in my mind is that parties have to be better managers of their money".

In order to manage the expenditures with a maximum of scrutiny (in view of the penalties associated with exceeding the limit), candidates have turned to their financial advisors. In effect, this has meant that the campaign manager no longer holds the exclusive reins on finances. If, as many of the Act's commentators claim, a supplementary objective of spending limits is to lower the cost of elections, then the addition of a new decision-maker at the riding level may make a valuable contribution to the control of campaign budgets. "Usually the people who take on that position have some experience in accounting and take their job seriously", said Kamloops New Democratic Member of Parliament, Nelson Riis. "It gives the whole money control thing a much higher profile."

"In fact, at the federal level since the overall expenses of a candidate's campaign are controlled, they have to establish a much tighter budget than they used to", said Mr. Jean-Marc Hamel, "but not without causing some problems to candidates - particularly towards the end of a campaign. If they have budgeted to spend very close to the limit, someone will always come up with an extra $500 or $1,000. So they really have to sharpen their pencils to ensure that they are not going over the top".

Mr. Hamel also believes that the presence of an individual administering expenses may not only exert downward pressure on spending, but frees the candidate's attention from financial matters. "The candidate is getting less and less involved in the actual business aspects of the campaign and it seems to me that where you have a fairly sound organization, the candidate is campaigning -- that's his job. The campaign manager is really planning the campaign strategy and then you have the financial manager, who is in most cases a different individual, looking after the financing -- the raising of funds and authorizing expenditures. As a result, the candidate is concerning himself much less than in the past with those other aspects."

This new orientation has prompted candidates to examine expenditures more closely, often seeking budgetary approval from the official agent.[2] On a riding level, the expenditure limitations have clearly encouraged more careful scrutiny of budgets. The Hon. John Reid, a Liberal Member of Parliament since 1965 and Member of the Committee overseeing reform in the election field, observed: "Now, because you're dealing with fixed resources, you have to be more creative and more sensible in the way in which you put those resources into the field. It (the Act) has certainly helped the candidate keep control of the campaign".

Benno Friesen confirmed these conclusions. When first elected to the House in 1974, prior to the expenditure controls, Mr. Friesen was more concerned with raising the necessary funds. "Now, however, the first thing we do in the campaign is look at what the ceiling is and we establish a budget that is considerably below it so that there's room for a margin of error without getting caught", he said. "The consciousness level is there all the time, but it hasn't affected us in how we spend our money because if we preach restraint at the federal level, we ought to do it in a campaign too."

Mr. Friesen pointed to the Act's general effect on budgetary decisions; the absence of narrow spending restrictions with respect to specific expenditures, such as office space or printing costs, means that a candidate need only concern himself with the upper limits when setting his or her objectives. One P.C. Canada Fund fund-raiser viewed the Act in the following light: "It is a great catalyst for bringing spending under control. I support the Act totally in the sense that it is the catalyst. It really forces you, in spades, to have the proper control apparatus", he continued. "It's not only that it provides a standard against which you can operate, but the catalyst for seeing that you perform within it. It brings great concern that we come under that limit."

In determining spending priorities, the limits have encouraged both candidates and parties to look towards less costly methods of transmitting their concerns and policies to the electorate through the increased reliance on volunteers, whose services do not have to be reported if they are working in a capacity which differs from their professional duties. Mr. Leslie Seidle explained: "It encourages people to use more volunteers; it largely prohibits extremely flashy campaigns with a lot of media advertising". Moreover, the all-candidates' meeting has been rejuvinated since it affords a candidate exposure without cost.

A candidate's minimal necessary expenses, such as office space, telephones, mailing, printing and newspaper advertisement costs, will often push total expenditures very close to the limit without the use of television or radio time. The Hon. J. Reid claims that the constriction on spending has steered the use of discretionary dollars in a campaign away from image advertising, at least at a riding level. "There was a tendency before to maybe skate over something, but because there is a limitation, you can't bury an issue the way in which you used to."

Nevertheless, the interviews indicate that spending limits have had the greatest impact on party budgets, which is not surprising since it is the central organization's expenditures which are primarily behind the escalating costs of elections. "You don't have the last minute decisions made as you used to in campaigning", said Mr. Ashworth. "You now need to manage your money over a longer period of time so you worry about such things as how many volunteers you have. It's caused a larger amount of a planning process than ever before. You have to do a lot of pre-planning on a national level for where you'd spend your money."

The importance of planning to the central parties cannot be over-estimated since it is one of the mechanisms for ensuring that the party spending limit is not exceeded. Any expenses incurred by the party, prior to the issuance of a writ, are exempt from the ceilings. "One area that the Act leaves untouched is pre-election spending", confirmed New Democrat Robin Sears after the 1979 campaign. The parties have tended to expend significant sums for media production in anticipation of an election being called. Many candidates have done the same in order to heighten the electorate's awareness of their presence.

The necessity for central level planning, coupled with the need for substantial inter-election financing, has strengthened the role of the national parties. Despite the fact their fund-raising capabilities have been curtailed, the parties have a renewed role to play in the political process. The spending limits have tended to centralize their operation and also to relieve some of the pressure from riding fund-raisers. It is, therefore, not surprising that the concept has been welcomed by all three federal parties. "The limitation on spending makes it much easier to run for office", observed Mr. Dubé. "In the old days, someone who wasn't well- known would almost have to give up because he could be overwhelmed by the amount of money the others were able to spend - it made it less scary to run."

Mr. Seidle agreed. "I think it's healthy for democracy as a whole and it's extremely healthy for the parties because it obliges them to make a priority among their items of spending." Mr. Seidle further explained the benefits of the limits to parties. "They have only so much, but allow themselves a margin for unexpected expenses; they have to decide whether it's going to be so much on 'A' or so much on 'B' and why. That is very healthy for political parties."

The three major parties now incorporate into their budgets a 10% cushion for contingencies. "It is not much", said Gordon Ashworth. "When you're talking about $4.5 million, $600-700,000 is not much of a cushion, particularly if you find bills someone did not authorize."

Nevertheless, some individuals who are charged with implementing the party plans view the concept of spending limits as constraining. Tom Collins, who as President of Foster Advertising in Toronto prepares many of the Tories' commercials, lamented: "The restriction on spending is really a restriction which says: 'The party which can't get as much involvement in that area as another has to be given an advantage.' Would you say that if the New Democratic Party could muster more canvassers than the Liberals, there should be a ceiling on the number of canvassers? The answer would be: 'Of course not' ". Mr. Scott subscribed to the notion that a party should be able to spend what it raises.

Adequacy of the Limits

In the 1979 General Election, the Liberal and Progressive Conservative candidates spent almost identical amounts, averaging 80% and 78% of the limit respectively.[3] The New Democratic Party candidates expended dramatically less, an average of 35% of the ceiling. However, the party's twelve incumbents spent an average of 78% of the ceiling in their electoral districts, which reflects the importance of high expenditures in ridings where the party's chances are significant.

In 1968 it is estimated that the average amount spent by a candidate was $15,000.[4] Even with the controls of the Election Expenses Act, this figure had doubled twelve years later. It appears that the winners in the thirty-first General Election of May 22nd, 1979 spent at least 80% of the limits for their victories; without expenditure ceilings, they may have spent considerably more.

Although there appears to be almost universal endorsement of the spending ceiling concept, the level of expenditures allowable has come under criticism. The ceilings were set in 1974 and have not been reviewed since to take into account the effect of inflation. In 1981 the New Brunswick government amended its election Act and indexed the spending limits to the cost-of-living fluctuations.

Federally, Bill C-5 would have accomplished the same result, but the Liberal government expunged the clause when the ad hoc committee expressed its opposition. It is interesting to note that Leslie Seidle's and Professor Paltiel's study of the 1979 campaign concluded that the average limit of $27,000 would actually be $43,078 had the provisions been indexed from the outset.[5]

Curiously, it is the party which was most supportive of the expenditure-controlled approach which now endorses indexation. "Unless these provisions are indexed for inflation within the next ten years, they won't matter because we will all be at the same level and none of us will be able to communicate effectively with the electorate", declared New Democratic Party leader, Ed Broadbent.

This statement points to one of the principal dissatisfactions with the ceilings; although none of the three major parties came close to the $4,459,248 party ceiling, many constituencies would have preferred a higher level. Even the New Democratic Party experienced problems in some closely contested ridings. Nevertheless, the limits did succeed in curtailing overall party spending. For example, the Liberals spent $5.5 million during the 1974 campaign, so that clearly the 1979 and 1980 party ceiling did have a dramatic effect on their expenditures in recent campaigns.[6] "It did provide an evening out between the parties", said Mr. Ashworth, and according to the Hon. John Reid when he referred to his party's view of the limits, "We think that the limitation on parties is adequate".

"The limit has put some severe restraints on our major urban centres and larger rural areas. The rest of the country came through the 1979-80 period in relatively good shape", confirmed Mr. Ashworth, "but I personally think that the limits are a good thing".

Many geographically larger ridings experienced the inherent inequities of the ceilings in that their special costs of electioneering were not taken into account. Mr. Joe Reid, while not personally confronted with the problem, explained: "I think some consideration has to be given on a riding-by-riding basis. Ours was one of the most complex urban ridings and while it did not have the largest population of the five in the Niagara Peninsula, it was the smallest in geography. It did have the effect of cutting down on mileage costs and campaign operation costs". The Hon. John Reid agreed. "For the constituencies, there obviously has to be something done." An additional expense for the rural ridings is the necessity of operating and staffing more than one campaign office, due to the numerous concentrations of population. This also means that candidates must increase their advertising costs since space must be purchased in each centre's newspaper. "Campaigning in Oshawa is not $2,500 cheaper than campaigning in Grand Falls/White Bay, Labrador", said Mr. Broadbent.

The Chief Electoral Officer has acknowledged this inflationary problem. "In 1974 the ceilings were very adequate and perhaps on the generous side. For the first general election they were still adequate", he explained. "Now they will not be and to me this is probably the greatest danger lying ahead of our legislation. If the limits are not adjusted and they become grossly inadequate, the temptation will be too strong for mass evasion, as was done in Australia."

Hon. John Reid foresees an adjustment in the ceiling level and suggests that media rates, telephone charges and paper costs should be combined with the Consumer Price Index to determine an equitable limit. "Creative management can only go so far", he concludes.

Problems with the Expenditure-Limiting Concept

Apart from the question of inflationary effects, concern over the equity of universal ceilings has been expressed. The advantage of incumbency has not been squarely confronted. "If I had a narrow victory in 1974, I think I would have spent right up to the limit in 1979", admitted incumbent Mr. Friesen. Even with a solid 1974 victory, he spent within $5,000 of the limit for the subsequent election. However, Mr. Ashworth believed that the limits actually favour the challengers. "I sometimes think if you don't have spending limits, that is more to the advantage of the incumbent, because the incumbent usually has a proclivity to raise more money than someone who is challenging for the first time", he said.

It is difficult to quantify the value of an incumbent's recognition factor. "A person who is unknown, it doesn't matter how much equity there is in the system, he still has to get known", said Mr. Friesen. "If you have a candidate who is already known - let's say a prominent lawyer or businessman - naturally that's going to make it easier for him; he's not going to have to spend the money on a lot of advertising of his name."

Although spending ceilings appear desirable to those participants on the federal scene, the advantages of office may tip the scales in favour of incumbents if the limits are identical. Executive and special assistants to M.P.'s and ministers do, in fact, provide assistance during election campaigns.[7] It is clear that constituency offices and franking privileges are a further benefit. In addition, the Prime Minister and Cabinet Ministers are able to command more news time and space through their high profiles and the timing of Government policy announcements. When asked why the Liberal Party fell short of its spending limit in 1979, Mr. Ashworth candidly replied, "The advantage of incumbency".

Douglas Fisher, former M.P. and current political commentator, spoke of the 1974 campaign: "There is an easy explanation why the C.B.C. National T.V. news got out of 'whack' in favour of Trudeau over the two-week span which the Tories have complained about. The Prime Minister and wife, Margaret ... and the so-called or alleged policy statements which he has been making on housing, transportation, welfare, seem to provide the C.B.C. news editors with more solid stuff to snip into their newscasts than Bob Stanfield was providing daily for his attendant C.B.C. cameras and crew".[8] A study of the same campaign, which surveyed the front pages of sixteen daily newspapers, found that the Liberal Party commanded fifty-two headlines, as opposed to the Conservative's thirty-two.[9]

Nevertheless, the limits do appear to ameliorate the effect of incumbency, if not to the degree that some Opposition M.P.'s would hope for. "The incumbents always had advantages before there was any law", said Professor Paltiel. "Before that, there were all kinds of hidden subsidies for incumbents. By doing this, you at least provide some kind of floor. A Prime Minister makes a statement about policy, it's news. An Opposition party makes a statement, it's just another election promise."

To be sure, one Liberal official felt that the incumbency edge was partially offset by the fact that the Government was obliged to sponsor substantial media campaigns across Canada, even in so-called "safe" areas, such as Quebec, where the New Democrats mounted a very modest effort. "If you have national limits, it means that you have to run a national campaign. In our case, it means you have to treat almost every region equal since we are the Government."

Election results appear to substantiate this observation. In Quebec, the Liberals spent an average of 80% of their limit; the New Democrats and Conservatives only 4% and 65% respectively. In Alberta, where both the New Democrats and Liberals had little chance of widespread success, the Liberals spent 65% of their limit and the N.D.P., 9%.

Non-Party Advertising

"Third party advertising is a real dilemma", said Hon. John Reid. "You don't want to interfere with freedom of speech. How do you make sure the very delicate balance in the Election Expenses Act is not destroyed by this kind of activity? The candidate is the victim." The Act specifically exempts interest groups or individuals if they are promoting discussion of a public policy issue so long as they do not align themselves with a specific party or candidate. Only a candidate or person authorized by a party may incur election expenses. Otherwise, the expenses for advertisements would have to be included in the candidate's spending return.

Roger Dubé maintains that this exemption serves as a loophole. "Otherwise, forget the whole legislation because it would have meant that the candidates and parties are restricted to what they can spend. Then, there is a group of people who are probably doing as much to get someone elected or stop someone and they don't have to disclose where their money came from and how much was spent." Mr. Dubé suggests the removal of this exemption. Presently, it is difficult to quantify non-party support and several cases have gone before the courts to determine whether or not the law had been violated. The Chief Financial Officer has not, however, been reticent in his efforts to enforce the Act. When a Trade Union official rented an airplane to tow a banner discouraging voters from voting for the local Liberal candidate, charges were laid against him. The National Citizens' Coalition has skated very close to the fine line dividing discussion and/or opposition to a particular party.

Mr. Seidle reflected, "I feel that groups like the Citizens' Coalition and so on have every right to say what they want between elections, but if they come so close on many issues to seeming like a political party, then for all intents and purposes it becomes advertising which goes to the advantage of the political party that it seems most similar to".

"If these groups want to take an active role in the process, they have to become a political party and not simply be a group simply yelling from the sidelines", added Mr. Hamel. He doesn't view the limitation as being inconsistent with freedom of speech; rather, it is a form of regulation. "Otherwise, the whole thing may become a farce. It is to protect candidates and parties so that they don't find themselves associated with groups they don't want to be associated with. The groups have been very active, but so much so that we feel there has been some abuse. I think we have consensus among the parties that this has defeated the whole purpose."

On the other hand, Jerry Grafstein, communications lawyer and founder of the Liberals' Red Leaf Communications enterprise, believes that the Act has erected a barrier: "It puts a damper on third-party campaigns. The Act should allow legitimate citizens' groups to advertise. I accept that that thesis can be distorted toward the advantage of a particular vested group, but I think there should be some sort of leeway in the system to allow interested citizens to go and do a piece of advertising".

Mr. Dubé made recommendations concerning non-party advertising which would effectively close this avenue for organizations which have operated unhindered because the courts have tended to interpret the present provisions rather widely, allowing most groups to advertise. It is uncertain whether these reforms will be accepted, but it is likely that Parliament will examine the issue in the fall of 1982.

Prof. Paltiel seems to have articulated the concern of many interviewed when he said, "If you open that hole, the whole thing becomes uncontrollable. I know it is a philosophical argument. Because of our fixed election time, how can you limit discussion of political issues to six - eight weeks and let other groups in? Maybe that's the time that it should be just between the parties and the voters".

In conclusion, it can be stated that although the issues of incumbency, of non-party advertising and of inflation as they pertain to spending limits, still pose serious problems, all fifteen individuals closely involved in the federal scene interviewed for this study expressed support for the concept. The goal of limiting election expenses may have been met by the Act's provisions. Mr. Hamel said, "The reason that prompted the Government to establish this commission way back in 1963 was the cost of elections. People were concerned about the ever-increasing costs and as a result, unless a person had substantial means, that person could not think of even running. The primary objective of the legislation has been fully achieved in the sense that the costs to the parties and the candidates together at the 1980 election was substantially less than the cost of the 1974 campaign". There is little reason to doubt that the trend will continue.

On the other hand, whether the objective of broadening access to political office has been reached has yet to be determined. As Mr. Seidle concluded, "I'd be very loath to say that there's been anything like a revolution in the sort of people who seek office as a result".

V. PARTY ORGANIZATION AND THE FEDERAL FRAMEWORK

Central Party-Local Association Tensions

A major area of concern that has arisen as a result of the new regime imposed by the Election Expenses Act is the enrichment of the local party association and the corresponding financial weakening of the central party organization. As outlined previously, many constituency associations have improved and expanded their fund-raising techniques, have used the tax credit system to advantage and have accumulated surpluses by means of the public reimbursement system. As a result, it is not unusual for a candidate to have twice as much money as the Act's limitations would allow him to spend.[1] The reversal in fund distribution patterns is evident when comparing recent allocations from the national parties to the constituencies with those of 1974 - i.e. immediately prior to the introduction of the Act. In 1974, the Liberals and Conservatives allocated $2.6 million and $1.7 million respectively of their total national expenditures to assistance for local candidates. In 1979, however, the parties spent only $249,000 and $450,000 respectively on this assistance.[2] There seems, therefore, to be a shift in dependence structures, especially within the two old-line parties. Professor Paltiel ascribes this weakened dependency of the local association on the central party to the reimbursement scheme: "Financing the candidates was the big activity of the central party. The reimbursement has freed the central party of that obligation to a certain extent and it was also meant to give some freedom to the candidates. So there was a weakening of the central party organization". This was partly off-set by the provisions of the tax credit scheme, which allowed the central parties to offer receipts on a year-round basis whereas candidates could only make use of them during the campaign period.[3]

The response of the old-line parties to this development has been to make efforts to get the lower levels to "kickback" some of their surpluses. In the case of the Liberal Party, in both 1979 and 1980 a system was set in place whereby a percentage of the public reimbursements (about thirty percent in 1979 and about fifty percent in 1980)[4] were "signed over" to the party. The Conservative leadership, while imposing no such rule, publicly chided the disproportionately low level of contributions received by the national party from local associations.[5] This development was succinctly described by former New Democrat M.P. Douglas Fisher: "They (the parties) wanted to make sure their own constituency set-up was sound before thinking of the centre and, of course, one of the things that happens is that once you get a bit of money at the constituency, people think it belongs to them. They're very leery about sending money outward".

As a result, fears arising from "pots of money" in local hands have arisen. One of these fears is the projected decline in local fund-raising activities due to increased complacency. The ill effects of any such development bear directly on the central parties in that they receive part of whatever is raised locally. A more general fear is that greater financial autonomy in the ridings will bring greater decision-making autonomy. In discussing the Liberal Party, Jerry Grafstein applauded the general rise in donations under the Act, yet remarked that "the internal workings of the Liberal Party haven't really worked out in the sense that we still haven't struck a balance in order to get more funds into the central party. There still hasn't been a proper balance between the responsibilities for running a national campaign and those for running a local campaign". This, in turn, has affected every aspect of a partisan campaign that is sustained by central party funds, such as national media campaigns.

As well, recent efforts by the Liberal Party to redress this imbalance by asking candidates to "sign over" part of their reimbursement, has met with some opposition within the party. While the assumption that local candidates had accumulated a large amount of funds due to the tax credit was essentially correct, the "high-handed" and "coercive"[6] manner in which the skimming process was implemented, ruffled the feathers of many party members.[7] It can perhaps be argued that this problem stems directly from the illogical practice of reimbursing the candidates directly, rather than the parties.

In the *Act*, there is no recognition of riding associations. As Jean-Marc Hamel notes, they are merely "creatures of the central party". Thus, the whole procedure of assigning the reimbursement is unregulated by the *Act*, and candidates who run as independents -- *i.e.* who do not have a central party -- would have to return any reimbursement money to the Consolidated Revenue Fund.[8]

One effect of the *Act* on all parties, due to the reimbursement and tax credit provisions, has been the increased importance of finding a viable method of distributing revenues. As Gordon Ashworth said, "The national parties have different methods of internal financing. I know all three parties are looking at means to ensure that all the money doesn't flow down to the lowest level, which is what we have now". The constituency associations seem to recognize the need for central funding. In the case of the Liberals, some twenty-five percent of monies received by the ridings is retained, while fifty percent is placed in a constituency association trust. In the Progressive Conservative Party, the riding level only retains twenty-five percent of the revenue.[9] Yet whatever the specific division, the initial fear of many people at the national level regarding the use of riding surpluses, has partially subsided.[10] In this regard, it is interesting to note that the parties have not moved to regulate fund distribution by amending the *Act*.

The *Act* has also had an effect on New Democratic Party distribution structures. Because of improved finances, the national headquarters of the New Democratic Party has gained much more political clout and assumed a greater role in redistributing money among the various "grass-roots" sections of the party, as evidenced by the centralized campaigns of 1979 and 1980.

The New Democratic Party has also advocated the explicit acknowledgement of intra-party transfers. While the federal law contains no provisions relating to intra-party transfers, the *Income Tax Act*, as amended in 1974, had been interpreted by the two old-line parties to suggest that funds collected under the tax credit scheme should be used for federal purposes only. In 1976, the New Democrats argued that parties should have the discretion to spend these monies at whatever level they chose,[11] in an effort to take advantage of their own traditional financial integration between party levels. In practice, the New Democrats used the federal tax credit from the very first as a means of raising money at the national level for transfer to provincial parties, where provincial laws allowed this.[12] Ed Broadbent describes the efforts to strain these transfers as attempts to "balkanize the process" artificially.

The Federal Context

In general, the old system of party financing, with its dependence of one level on another, had acted to maintain federalism in the face of tendencies inherent in the existence of competing provincial power centres enhanced by regional, economic and ethnic cleavages. The concentration of the old corporate business and industrial apparatus in Toronto and Montreal had an important integrative effect in that it lent itself to a highly centralized system of party finance.[13] The rise of minor parties and the growing monetary importance of provincial jurisdiction over natural resources, however, made direct contributions to provincial parties more attractive. Thus, while the parties' reliance on corporate contributions didn't change, the point at which such funds entered the system did.[14] This new provincial economic base also provided a base for political development, and there was an inevitable connection between federal political decentralization[15] and party decentralization.

Given the increasing concern over the Act's contribution to the peripheralization of party politics, direct subsidies to the central party (which exist in New Brunswick and Quebec) have been suggested. Those party officials in favour of such a practice insist that a truly national organization cannot function without it. On the other hand, some officials insist that there be provincial checks whereby provincial representation in overall spending decisions match the proportion of money contributed from provincial "grass-roots" organizations.[16]

Finally, the Act has accelerated the institutionalization and bureaucratization of the parties, both in their internal workings and in their relationships with each other. The plethora of formal rules regarding registration and financial reporting reinforce the necessity of ridings to adopt set procedures. It is apparent that less sophisticated local party groups are disadvantaged in this respect. As the Hon. John Reid remarked, the Act has "caused enormous administrative difficulties, not so much as to the parties, but certainly on the constituency level".

VI. THE ACT'S BENEFICIARIES

Although the Act was not designed specifically to benefit any single political party, nor to work the detriment of another, it is clear that certain advantages have accrued to some segments of the political process. The tax credit available to contributors and the candidate reimbursement have been of tremendous assistance to all three parties in that the central organization's responsibility to the ridings has eased somewhat. Similarly, the fifty percent government rebate for electronic media advertising has proved to be a boon at a time when increases in media costs have outstripped the rate of inflation.

Liberal and Conservative Party Members generally cited the New Democratic Party as the principal beneficiary of the recent election financing legislation. "The N.D.P. always raised their money from the 'grass-roots' ", observed Mr. Dubé. "They benefited to the extent that where a person used to give them $100 and it cost $100, he can now contribute $400 and it still costs him only $100. As a result, the party's contributions increased considerably." Mr. Broadbent agreed: "Probably that's true precisely because the other parties had greater access to wealth than we did before, including corporate financing. The tax credit is particularly attractive to average or low income people. Independent of ideology, that is something very desirable in a democracy and it is something that has tended to benefit us because we don't have corporate donations".

With disclosure and the new emphasis on individual contributions, corporate funding has declined dramatically. Many of those interviewed explained that the New Democratic Party had already financed itself through appeals to a broader base so that, in the early years after the Act's passage, the party was able to take greater advantage of the tax credit. "I think it is probably true to say that we have benefited more financially. It has favoured our party to a greater degree than the others", added Mr. Broadbent.

The New Democratic Party's increased budget certainly allowed the party to acquire a stronger presence in the public's perception. With an $800,000 annual national television and radio campaign for the 1979 election, much of which was targeted into the coveted prime-time slots, the party managed to compete aggressively with the other two parties' media exposure.[1] Furthermore, the leadership tour became more ambitious as the entourage of reporters were shuttled around the country in a DC-9 instead of the smaller DC-3.[2] Mr. Nelson Riis expressed enthusiasm over the party's new profile: "It's made an incredible difference. We would normally be outspent ten to one. The Act places a minority or third party on more or less the same footing. People enjoy the fact that we have joined the major leagues!".

"The N.D.P. has benefited more", said Mr. Seidle. "In any system where there is a kind of equalization of resources, it is most likely that the weakest will benefit more than the strongest; that was predicted and understood at the time." That the balance in the parties' financial positions would be tipped was indeed anticipated, but it is doubtful whether the precise changes in the New Democrats' fortunes was forseen. "That was certainly one of the fears expressed by a lot of people in the Tory and Liberal parties who were afraid that the Election Expenses Act would give the N.D.P. a leg up", said the Hon. John Reid. "I suppose if anybody's had to make an adjustment, it's been the Liberals and Tories."

The Liberal Member of the House maintained, however, that the positions of the New Democrats' opponents had not altered dramatically. Despite the fact that funds to the central party did not increase in proportion to the ridings' resources, Hon. Reid thought that this did not foster any undue hardship because Liberal and Conservative ridings had, for the most part, been self-sufficient.

Statistics for the 1979 and 1980 General Elections seem to support the theory that the New Democratic Party experienced a dramatic rise in its capacity to spend and that the gap between its expenditures and those of the two older parties narrowed. In 1979 the Party expended $2,190,000; the following year it boosted its election budget by almost $1 million to $3,086,000, falling less than $800,000 short of the Liberals' $3,846,000 budget. In 1979, New Democrat candidates received $496,000 in reimbursements, just under three-quarters of the Liberal allotment -- a significant statistic when one considers the electoral success of the Party -- it held only eighteen seats prior to that year's campaign. This figure was increased to $677,000 the following year. Although total party spending levels for 1974 are not available, it is evident that the New Democrats' budget had increased significantly in 1980. One gauge may be total spending declared by candidates in the 1972 campaign: New Democratic candidates spent $944,000, while their Liberal and Conservative counterparts expended $4,653,000 and $3,525,000 respectively.

Ironically, although acknowledging the changes, Mr. Ashworth thinks that the new profile of the New Democratic Party may prove to be a hindrance. "The N.D.P. can fund national television ads.

They have resources and they have become slick, which is their downfall because they have always prided themselves as being a 'rank and file' party, rather than an establishment one." Yet the new "major league" outlook puts greater pressure on the New Democratic Party to fill its coffers. "In the old days when the party was small, people were used to doling out large amounts of money because raising funds was always a real hassle. Now, with the party's wider base, a lot of people are offended by the hard-sell. To be coerced into giving to a political party has offended many of our newer Members. So with the new Election Expenses Act there is not the same drive, the same fervour", said Mr. Riis. "We were always struggling so much and then all of a sudden to have adequate amounts of money to do what we wanted to was a new experience for the New Democratic Party."

Since the party did not require a higher profile in Toronto because it had traditionally spent much of its media money there, the national influx of funds was then directed to other areas of the country where the New Democrats were in a weaker position. "The great advantage of the Act in 1979 went to the New Democratic Party because it allowed them, for the first time, to specifically target that money", explained Gordon Ashworth.

Despite stating that "the New Democratic Party has benefited very, very significantly", Mr. Grafstein believed that the public may have won in the long run if one subscribes to the philosophy that in an election everyone should have an equal opportunity to communicate with the voters. "The whole Act is designed on that principle."

With the exception of candidate reimbursements and the tax credit, the Liberal Party of Canada does not appear to have acquired any unique advantage under the Act. Of course, the expenditure ceiling aided it in keeping its costs from getting out of hand (the party came to within $700,000 of the limit during the last election). "I view the Act on a whole as a positive reform because it has caused the Liberal party to be more cost-efficient", said Mr. Grafstein. "However, it hasn't really affected our lives except in spending more time on being cost-sensitive -- and the net beneficiary of all that has really been the New Democratic Party", he added. In some cases, the expenditure ceilings proved to be a hindrance to the Liberals. One party official explained that his organization was willing to spend more in the West, where there was an untapped potential to pick up extra seats, but that the riding spending ceilings prevented it from doing so.

For the Progressive Conservative Party, it was necessary to make serious adjustments in light of the spending ceiling. Mr. Findlay MacDonald indicated in 1973 that the party's national office expended $4,152,000 during the 1972 campaign. Seven years later, it spent $4,407,000 - 97% of the limit. The party could not have expended more if it wanted to. As for the reimbursement, the Progressive Conservative candidates reaped $978,000 in subsidies for the 1980 election, almost $70,000 more than the Liberals.

The Tories' direct mail programme has proven to be a phenomenal success. After the 1980 contest, their party account showed a $3 million surplus.[3] "If you break down per capita giving, the Tory party has a lot more small donors than the New Democratic Party", observed Gordon Ashworth. "I think the Tories have been the best exploiters of the Act in terms of improving", said Dr. Paltiel. "Proportionately, the N.D.P. did better, but the Conservatives have received full value out of the Act, much more than the Liberals."

While on the whole the three major political parties have benefited to varying degrees from the Act's provisions, tax credit support between elections and candidates' reimbursements have generally eluded minor parties. On recommendation from the Chief Electoral Officer's ad hoc committee, which is comprised of representatives from the three major parties, Parliament passed Bill C-5 (1977) which tightened up registration requirements for new parties. Section 13(9) of the Elections Act now deems a party to be registered if it has been represented by twelve Members in the House of Commons prior to dissolution. Registration for the election period (s.13(3)) is achieved if a party nominates fifty candidates, but this status is terminated if at least twelve Members are not elected, effectively cutting off the tax credit between elections and preventing the "parties" from incurring campaign expenses.

Some parliamentarians have argued that this provision may prevent new political groups from entering the electoral arena with established parties. Professor Paltiel believes that if the present restrictions were in existence fifty years ago, they might have been capable of barring the creation of the C.C.F. and Social Credit parties. Certainly it will be more difficult for regional parties to form since many distinctive cultural or geographic areas do not contain fifty ridings. In this respect, it will be interesting to watch the development of the Parti Québecois' new national party.

The three "other" parties which received party status during the 1979 campaign lost their registration when they failed to elect the requisite number of Members. After Bill C-5 came into effect, twelve smaller parties forfeited their registration. Nevertheless, the

Act does provide for tax credit assistance to minor parties registered during elections and this support has been cited as an important component of our democratic process.

VII. ADVERTISING: BROADCASTING THE MESSAGE

A campaign adviser to an American Senator once asserted that "The amount of money spent in politics is completely indecent ... half the money is wasted, but you don't know which half".[1] Nowhere is this combination of expenditure and uncertainty more evident than in the modern political media campaign. As self-styled gurus of electronic politics continually emphasize, the art of campaigning is often more important than salient issues, and the politician must survive in a world where "packaging" is a necessary expense. Author Robert MacNeil described this process: "It is essential if ... the politician ... is to reach the mind of anyone in this world, that he make himself competitive, that he sufficiently resemble the other goods sold in this market ... For the politician it means the willingness to be sold like Geritol".[2] The paramount significance of media expenditure has been very slightly qualified in the Canadian context. As Art Collins, President of Foster Advertising in Toronto put it, "Historically, I can cite some bad campaigns that were very expensive, but you can't say there's no relationship between media buying and efficacy".

This relationship - between advertising dollars and votes - has been subject to market theory analysis in Canada by academicians, such as K.S. Palda,[3] ever since the disclosure provisions made relevant data available. The results have uniformly indicated that advertising is indeed a conditioning variable in the outcome of democratic elections.[4] Because our political culture places so much importance on media campaigns, this area perhaps warrants special study when considering the effects and problems which the 1974 Election Expenses Act has produced.

Relevant Provisions in the Act and Media Spending in 1979 and 1980

Provisions in the Election Expenses Act affect the media in a number of ways. First, and perhaps most broadly, overall candidate and party spending limitations now tend to produce greater considerations of budgetary planning in advertising expenditure. The Act also sets a limit of four weeks on active campaign advertising in the mass media. As well, the Act takes a step toward equitable allocation of broadcasting time to the parties. In broadcasting, each broadcaster is now obliged to make 6½ hours of prime broadcasting time available for sale to the parties, the allocation of this time being made by the Canadian Radio-Television Communications Commission (C.R.T.C.C.). The definition of "prime time", according to the provisions, is 6 p.m. to midnight in the case of television and 6 a.m. to 9 a.m., 12 p.m. to 2 p.m. and 4 p.m. to 7 p.m. in the case of radio.[5] As an interesting innovation, the Election Expenses Act provides that the registered parties will recover fifty percent of the cost of their broadcasting time from the Government's Consolidated Revenue Fund, the cost being calculated at the regular standard rate certified by the C.R.T.C.C.[6]

While the Act ignores the thorny question of classification - i.e. - "spot" announcements versus program time - it does provide that the large networks make blocks of air-time available to the parties. These "free time" periods, distinct from paid political advertising, are allocated after the network consults with both the parties and the C.R.T.C.C. It should be noted that production costs and candidate time costs are not subsidized. Because of the variables involved, such as regional markets, costs of time slots, and the number of broadcasters, it is difficult to estimate the degree of potential Government subsidization in dollars that all these provisions represent. On paper, only the Act's umbrella spending limits and the parties' own resources may act as an effective rein on the extent of the parties' use of their broadcasting time.

How the parties spent their media dollars in waging campaigns under the Act illustrates the context in which the provisions are now operating. In 1979, the Progressive Conservatives spent $1.59 million on the purchase of air-time and received $793,967 in reimbursements.[7] The balance of the Conservative's broadcasting expenditure went toward production costs, which were higher than the production costs of either of the other major parties. Overall, of the $3.8 million the Conservatives spent on the 1979 campaign (eighty-six percent of the limit set by mechanisms in the Act), nearly two-thirds went toward broadcasting advertising.[8] This represented more money than the Liberals spent on all forms of media in the same campaign.[9] While the 1980 campaign saw a reduction in the proportion of the total Conservative budget devoted to broadcast advertising, this expense still represented the largest share of total reported spending (fifty-seven percent).

The Liberals spent twice as much as the Conservatives on print advertising in 1979, yet they expended much less on broadcast advertising. The $1.86 million expended on television and radio advertisements represented only forty-seven percent of the Liberal Party's total reported spending.[10] In 1980, this pattern changed very little, although the amount budgeted to broadcast advertising rose to fifty-seven percent of total reported spending.

While the New Democrats only spent about half the amount of total expenditures allowed under the Act, its strategy of concentrating resources in potentially successful ridings allowed it to make regional media expenditures that almost matched the other two parties dollar-for-dollar. In both 1979 and 1980, the New Democratic Party allocated about forty-five percent of reported spending to broadcast advertising, while outspending the Liberals on other forms of advertising.[11] In 1980, the New Democratic Party was even more selective than it had been in 1979 with regard to the regional targeting of their broadcast campaign.

The 1979 and 1980 elections demonstrated quite clearly that the New Democrats were the biggest beneficiaries of the Act's media provisions. Whereas the party had always focused on issue-oriented media strategies, in their last two electoral outings the party ran a more leader-oriented, high-profile campaign. This was a direct result of the increase in funds received due to the operation of the Election Expenses Act, and it allowed the party's planners to do more "selling" than ever before.[12] As Peter Swain, President of Media Buying Services and chief media planner for the Progressive Conservatives in 1979 and 1980, explained: "The New Democratic Party used to be very much 'grass-roots' oriented with predominently newspaper advertising, but because of the Act, in the last couple of campaigns they've become very much electronic media spokespeople. In some areas they were considerably outspending the Tories, which was certainly a new facet of electioneering for the N.D.P."

Jerry Grafstein, long-time co-ordinator of media campaigns for the Liberal Party, echoed this realization of a changing balance in advertising strategy: "The Liberals always took them (the N.D.P.)

into account, but you have to deal with them much more coherently now because you're dealing with three instead of two major players in the field. Toronto is one of the battlegrounds because it's a microcosm and therefore much more sensitive to national shifts. Because of cable extension, being strong in Toronto gives the New Democratic Party more credibility".

In future, the New Democrats foresee spending even more money on advertising, largely due to the provisions of the Act. As a New Democrat parliamentarian commented: "I think that federally we are now considering ourselves as moving into an equal league. It's a very small team, but if you want to be a big team, then you've got to play in that league".[13]

The Act and Media Cost-Efficiency

In the same year that the Election Expenses Act was proclaimed, the federal Liberals changed their five-year relationship with MacLaren Advertising and set-up an in-house agency -- Red Leaf Communications -- to handle campaigns. This followed an earlier, similar move by the Conservatives, who established P.A.C.E. (Promotional Advertising Creative Enterprises) in order to obtain a greater commitment from media planners and to facilitate greater party control over the campaign.[14] These parallel developments may have been given a push by the spending limit ramifications of the new Act. As Jerry Grafstein noted: "Red Leaf was provoked by the Act ... because we had to get more cost-effective. That fifteen percent commission that was going to agencies was taken back and we ran it (the campaign) ourselves. We were able to squeeze more production out of that budget". This cost-effectiveness also served to supplement operational and organizational efficiencies that the Act may be said to have compelled. In addition, these moves may have resulted in the subsidiary effect of increasing the campaign policy power of media people within the parties. "The Act", according to Gordon Ashworth, "has taken media people from being mere tacticians to making them a part of the decision-making process ... Now the media is more a part of the strategy of winning." While this effect has been denied by men like Grafstein and Tom Scott, Mr. Scott goes on to praise the more streamlined organization that a Red Leaf or a P.A.C.E. brings to campaigning.

Finally, the Act exacerbated a budgetary gap already in existence in federal party media campaigns. Both the Liberals and the Conservatives are quick to point out that they have to run national advertising campaigns. Jerry Grafstein: "We (the Liberals) have a totally discrete budget for French Canada. Even if the population split is only twenty-six percent Francophone, I would say our Quebec budget is much higher than that because you have to have a minimum budget to run any type of quality campaign. Therefore, we're really running two national campaigns, and it costs us. The New Democrats do not". Peter Swain eloquently summarized similar concern in the Conservative Party: "I am given as a technocrat in this area, that when we go into any campaign we have to take our message to all people, regardless of the fact that they may be predisposed in certain regions of the country to be more inclined to accept it. The New Democratic Party has chosen vertical approaches, which from a marketing standpoint in any other form of advertising is precisely what one would do - if you haven't got any distribution in one province, why advertise? The Tory party has felt obliged to use advertisements in this event for long-term voters".

Thus, while the two "national" parties have been increasingly saddled with costly policy constraints, the Act has provided further impetus for the New Democrats to channel their money toward select markets.[15]

The Effect of Overall Spending Limits

"In 1980", according to Jerry Grafstein, "we (the Liberals) had less money than one-third of one of McDonald's national campaigns and for that money we had to cover the entire country and a number of issues - McDonald's only sell one thing. We had seventy scripts, forty to fifty commercials, of which we used twenty percent during the campaign. We could have easily spent another $250,000". Thus, the costs of production alone, despite the significant economies that result from the condensed time frame of the election period, are onerous and the Act has forced the parties toward greater circumspection in spending. Mr. Grafstein admitted that "the Liberal machine blew some money in 1974 - we experimented with some ideas that weren't effective. After that we did much more research. The Election Expenses Act created a catalyst to be more cost-efficient. It didn't put more money in or make us more creative". Indeed, the Liberals also acknowledged that despite approaching the overall spending totals allowed by law in 1980, they could have spent more media dollars. Red Leaf officials maintain that the Liberals had a good chance in the British Columbia region, only to lose that campaign due to underspending. Mr. Grafstein admitted further that the Liberals didn't accomplish the print campaign they had planned in 1980: "We did it in selected markets instead of across the country. We had to target because we were only allowed so many dollars". However, this view is mitigated by another account of the effect of spending limitations on advertising campaigns. For the Conservatives, Peter Swain asserted that "We've not yet hit that (spending) ceiling in any respect that would cause us to re-evaluate our thinking. One of these years that will happen ... it's an Act which will suddenly get some teeth in a decade or two".

Irrespective of effect, many media technocrats cannot reconcile the idea of spending limitations on advertising with the motive philosophy of the market. Mr. Swain put the case best by arguing: "Why should one sector of electioneering be limited versus another? If a party decides that it isn't going to send its leader on a nice big jet around the country and decides to put it all into advertising, why should that party be unnecessarily limited? I suppose I come from the free enterprise aspect of this, but I don't think there should be any restrictions in this area ... You shouldn't have to force a party that has a lot of people willing to put a lot of money into it ... to restrict their share of voice - that's fundamentally undemocratic".

The Act and Operational Inconsistencies in Broadcast Advertising

It has already been noted that the Election Expenses Act encompassed changes in the Broadcasting Act. The provisions as they now stand have been labelled "unduly and tremendously overcomplicated"[16] by the media experts who must abide by them, and the Hon. John Reid, who sits on the standing committee overseeing the Act, has frankly admitted that the role of the C.R.T.C.C. has been "a disaster". "This has perhaps been the most monumental glaring failure of all", he said, "we're on the way to another experiment".

Before examining the problems that the Act has engendered in this area, it is useful to review the provisions that are causing so much consternation among media people. It has been noted that the law makes it incumbent upon each licensed broadcaster tc provide 6½ hours of air-time for political advertising in prime time. This time is allocated by the C.R.T.C.C. according to the proportion of the vote received by the party in the previous general election, the number of seats held in the House at the time of dissolution and the number of candidates fielded in the last election, with the first two factors double-weighted.[17] In 1980, for example, the Conservatives were allocated 143 minutes, the Liberals received 137 minutes, the New Democrats 64 minutes, the Social Credit Party 22 minutes and the Communist, Libertarian, Marxist-Leninist and Rhinoceros parties received 6 minutes each, as base-line minutage.[18] Each party is given five days to inform broadcasting networks and stations of the time slot preferences for the amount of commercial time up to its maximum that it wishes to purchase. Broadcasters then have two days to inform the parties which time slots are available. After the last date to purchase time passes, unsold time is put into a pool and can be purchased on a first-come, first-serve basis. Generally, the favoured time slots are during American situation comedies and the cost for a thirty-second spot in such a slot in 1980 was about $5,000.[19] Given that the "leading brand often forms the

Government",[20] the fear of overspending doesn't seem to pose much of a problem. However, as Peter Swain noted: "Because of the way the Act is structured, there are a lot of functional disabilities ... it was written by people who didn't understand anything about advertising".

One such "functional disability" is the minutage approach to limiting advertising. This approach seems to break down in a large urban market where a party may buy a large number of minutes on one station and still reach a small audience due to the plethora of stations. In contrast, in a small town with only one broadcasting facility, the efficacy of small minutage is correspondingly enlarged. "Therefore", argues Mr. Swain, "you can soak up minutes without measuring communications ability, which was the object of the Act". Another problem area concerns the "central pool" of unused air-time. Party spokesmen are still unsure as to whether this air-time is "fixed". That is, if one party negotiates a spot at 9 p.m. during a popular program and fails to use it, does this slot go to another party? This confusion has caused a lot of unnecessary work for all parties.

The five-day negotiation rule as to time slot earmarking has proven to be dysfunctional. Peter Swain traced this to the tangled directives from the body charged with administering the Act: "... in the interpretations issued by the Chief Electoral Office, the broadcasters had to give an equitable amount of air-time. That got interpreted down the line to 'In that case we'd better set it all up beforehand, as soon as the writ is issued' ".

The resulting five-day rule has since been called manifest "insanity" in that in any advertising campaign it is tremendously difficult to predict a need in a particular broadcast market well in advance, in most cases even before the actual commercials have been conceived in terms of length and format. "The net effect", according to Swain, "is that it's made a mockery of the Act in its final execution, because the broadcasters can't adhere to it. They get a piece of paper that they know is meaningless". Another drawback with the five-day rule, as far as the old-line parties are concerned, is that specialized agencies, which the parties employ to act quickly and tie up the most attractive time slots after the writ is issued, can no longer get an advantageous headstart on less professional campaigns. Given that all submissions must now be in within five days, the Act has now equalized strategic opportunities.

Finally, the Act has precipitated many problems for broadcasters. In abiding by the rules, broadcasters have, in effect, blocked off a substantial portion of saleable air-time for political messages. Rather than denying this time to private sector advertisers and taking the chance that it will go unused by the parties, some broadcasters have taken to selling the slots twice. Then, as Mr. Swain puts it, "When the jam comes in three weeks of electioneering, they have some tough explaining to do".

Broadcasters have also interpreted the Act in their favour by using it to unload rather unattractive air-time. The Act's definition of "prime time" on television, for example, includes the hours between 6 p.m. and 12 midnight. This bears no relation to the definition in the commercial world, which is 7 p.m. to 11 p.m. Thus, "If you were a smart broadcaster", remarked Mr. Swain, "and you couldn't sell your spot at 11:59 p.m. when no one is watching, you've got an Act that forces you to say 'Oh, great! I'll commit time and do my bit for electioneering. I'll hand you all your time at 11:59'. A few stations were pretty firm-minded in that". Some stations, despite being licensed to carry public airwaves, refused to give time absent a threat by party advertising agencies to pull off all their private sector clients.

Generally, however, broadcasters have been very cooperative and responsive, clearing their time slot boards of much commercial advertising in order to further the public interest. The potential loopholes in the Act remain unmended, however, and partisan media technocrats are dissatisfied.

"Fifty-Cent Dollars" - Reimbursement for Electronic Media Advertising

The Election Expenses Act contains a rather specific subsidy scheme aimed at broadcast advertising, which promises to reimburse political parties for half the cost of all air-time purchased. A supposed consequence of this fifty percent reimbursement has been the encourgement to the parties to spend an increasing proportion of their budget on this advertising format.[21]

In tracing the origin of this subsidy provision, it has been suggested that a C.R.T.C.C. decision, which forced the C.B.C. to charge rates for otherwise "free-time", thus pushing party advertising costs up by fifty to sixty percent, was the major factor in introducing this subsidy scheme.[22] As the Hon. John Reid said, "In committee we said there's no reason to do that (the C.R.T.C.C. decision), so we gave a subsidy across the board". Another explanation is that the Act was largely oriented towards the New Democratic Party and that the special media reimbursement was passed in order to allow those parties with fewer funds to get into a very powerful forum of communications at the taxpayer's expense.[23] Ed Broadbent has remarked that, "Admittedly, the rebate on public broadcasting has been very advantageous to us".

However, the larger problem is the alleged skewing of party strategy in order to take advantage of "fifty-cent dollars" and the apparently corresponding decline in emphasis on other media forms. Mr. Broadbent stated the problem by explaining that the Act builds into the political system "a proclivity for a particular delivery system" which leads to the encouragement of inefficiency by subsuming considerations of the best way to get the message across in favour of a bargain-hunting approach.[24]

There have also been questions raised concerning the issue of extending the subsidy idea to print media. The Chief Electoral Officer seems amenable to this. "I think it is wrong", he said, "to have in legislation a disguised incentive to the parties to use one medium rather than another. The print medium, of course, is not very happy about it so this is something we have proposed to change next time". Indeed, there is no particular logic which explains why print media was excluded. The stock reasoning, that electronic media needed to be encouraged, rings hollow when placed alongside the truths of the modern campaign. Legislation was certainly not needed to convince party strategists of the effectiveness of broadcast advertising. However, when the Act was conceived, broadcasting was seen to be the "big expense that one party wasn't able to afford", according to a Member of an all-party committee dealing with this provision of the Act, "and therefore it was put in to bring that capital cost down".

As for the influence of the provision on the parties' allocation of campaign expenditures, both major parties downplay the "fifty-cent dollar" temptation. Liberal media planner, Jerry Grafstein, states: "If we normally had a choice, we'd go for television in any event ... if we only had limited dollars, we would heavy it up towards electronic media, notwithstanding the bonus". As for the Conservatives, Peter Swain explains that "decisions of one medium over another are not taken by financial accountants. Rather, it's generally 'This is the message, this is the audience, and this is the media vehicle that can deliver that message' - ipso facto decision made. The fact that one is in 'fifty-cent dollars' is a bonus".

One final criticism of the broadcasting provisions of the Act is the onerous paperwork it imposes on those involved in the process. While large agencies and networks might be able to cope, a small radio or television station finds it difficult.

The Act, in general, has been viewed by media people as a mechanical method which infringes on the parties' discretionary powers. "Spending limitations is one area of debate", argues Peter Swain, "but to start getting into the regulation of operational things, like bus shelter advertising, or time prohibitions, etc., is really taking the legislation to the point of being ludicrous".

VIII: ENFORCEMENT AND CONTROL OF THE ACT

Enforcement: The Weak Link

As far back as 1961, when election financing reform was being considered, contemporary commentators argued that any legislation "must have teeth in it or it will be a farce".[1] This question of enforcement has been a continuing source of concern for critics of the Act. In 1920, the federal Parliament passed an Act designed to broaden the scope of existing legislation by requiring the disclosure of the names of political contributors and the size of their donations.[2] Enforcement was extremely slipshod, however, and the failure to acknowledge the existence of political parties in legislation contributed to this weakness. Indeed, the only Member of Parliament to lose his seat under the 1920 provisions was a Progressive who failed to report the cost of hiring a band and even this was due to the uniting of all the major parties in prosecution.[3]

With regard to the laws concerning the obligation to file an election return with the Chief Electoral Officer, this official was quoted in 1937: "In my experience, I do not think half of the defeated candidates filed election returns ... The very severe penalty ... is never to my knowledge enforced ... During the last Parliament I have knowledge of two or three elected Members who waited two or three years to make their returns and sat in the House and they were liable to a fine of $500 for every day they sat".[4] In the case of elected Members, this last feat of evasion was due to a statutory provision[5] which allowed Members to obtain the court's permission to file a late return on the most tenuous of excuses. Thus, up until the 1960's, the constituency returning officers were under no obligation to obtain a campaign statement from the candidate or his agent and the Chief Electoral Officer had no jurisdiction to compel this performance on behalf of the ridings. As one political scientist said of the old system, "the law may be briefly summarized as a farce".[6]

Among the recommendations of the 1966 Barbeau Committee's Report on election financing reform was to assign responsibility to prosecute infractions to a "Registrar". The committee believed that the old system, which left this function to private citizens, was ineffectual, if only because of the perceived greater propensity toward unfounded malicious prosecutions. Therefore, "the Registrar, on his initiative and discretion and at public expense, may on his own authority institute and maintain an action against the candidate, political party, or third persons involved in any breach of the requirements of the proposed Election and Political Finances Act".[7]

As for penalties, the 1966 Committee recognized that the purpose of reform would be defeated in the absence of severe enforcement procedures, and accordingly recommended that convicted Members be unseated and disqualified from political activity for a seven-year period from the date of conviction. The system of fines ($100-$1,000) and/or imprisonment (1-12 years) that pertained to unsuccessful candidates who violated the Act, also would be applied to convicted Members. Should a party leader or a party agent be convicted for a breach of the Act, the Committee recommended fines of $5,000-$50,000, with the offending official being subjected to the same penalties as convicted candidates.[8] Failure to pay fines would leave the party executive open to a writ of execution on party property and/or a civil action at the discretion of the court. The

Committee also recommended that heavy fines and imprisonments be prescribed for third persons or associations who failed to report their financial involvement in a campaign or who carried on a parallell campaign within the election period.

Before the Election Expenses Act was passed, legal sanctions for failure to submit a report included a fine up to $500 and/or a maximum one-year prison sentence. Failure to pay the fine could lead to a three-month prison term. Additional fines included the imposition of a monetary penalty for every day a successful candidate sat in Parliament without having filed a report.[9]

Under the current legislation, failure to file, the submission of false or misleading returns, or wilful violation of spending ceilings, are offences subject to a party fine of up to $25,000 in each case.[10] For the purposes of the Act, parties are deemed legal persons subject to prosecution and the acts of officials are ultimately the responsibility of the party.

Despite these provisions, the old problem of weak enforcement persists. After the 1979 election, charges were laid against two Quebec candidates concerning spending ceiling violations. In the 1980 election, another Quebec candidate was also charged. Yet the fines imposed and contemplated upon conviction represented the merest "slap-on-the-wrist". In the first case to be decided, the offender was simply fined $200.[11]

Control Agencies

The complex regulatory procedures that came in with the Election Expenses Act have encouraged the professionalization of party structures,[12] and have introduced more formality into the party system through elaborate record-keeping and reporting provisions. However, an area of concern on the federal level is the ability of the Chief Financial Officer and the Director of Election Financing to act as judge, jury, administrator, prosecutor, enforcer and magistrate. The potential for tension in these multiple roles had prompted the 1966 Barbeau Committee to propose a policing arm separate from the Chief Electoral Office (the "Registrar of Election and Political Finance"). This was subsequently rejected in 1971 by a Special Committee which reasoned, perhaps tellingly, that the conduct and oversight of elections and expenses were inextricably bound.[13]

Apart from this problem, there is a continuing question of the degree of regulation a federal control body ought to exercise. According to the American rationale, an expansive enforcement policy chills free speech and political participation.[14] A weak enforcement policy, however, does little to raise the level of public confidence in the electoral process. Whereas an over-emphasis on process runs the risk of minimizing politics and giving impetus to the search for ways around provisions, enforcement and control of the Act in Canada is only now beginning to acquire the "teeth" needed to reinforce administrative and advisory functions.

IX. SUBSIDIARY ISSUES AND FINAL REMARKS

In stepping back and assessing the goals and effects of election financing reform at the federal level, the broadening of the financing base remains the landmark development. The federal Act demonstrated that the tax credit was very successful, and the parties and their candidates have begun to exploit it effectively. The number of individual contributions to the parties reached an all-time high of 115,000 in 1979, and in 1980 candidate-level donations numbered 92,000.[1] Candidate reimbursements, combined with the tax credit, have enabled local constituencies to accumulate large surpluses. This has helped to lower the barriers to entry into political life for some candidates and has contributed to the development of ongoing, year-round funding. These new provisions have also changed the financial focus from the central party to the constituencies - a seemingly irreversible development which has altered the nature and structure of party finance organization and integration. While this phenomenon was not envisaged by the legislators who passed the Election Expenses Act, this "potentially dangerous" imbalance has become a major area of concern at the federal level.[2]

As far as fund-raising techniques go, the promise held out by successes with direct mail and ancillary methods of soliciting contributions spurred on by the Act's major provisions has not become a total reality. Although the sources of party funds have been diversified, the two old-line parties still rely on a small corps of large business concerns.

With regard to the federal Act's treatment of corporate donations, it should be emphasized that the Election Expenses Act as it stands does not specifically outlaw contributions by foreign-owned subsidiaries. This is so despite warnings by men, such as Walter Gordon, as far back in time as 1966 concerning the harmful influence foreign union and corporate money could have on party policy in the absence of contribution ceilings.[3]

While the Act imposes spending ceilings, some observers have suggested that there is a gap in this regulation in that nomination and leadership bids are outside the scope of the legislation.[4] In contests where the party nomination is tantamount to carrying the riding, there is understandable concern about astronomical nomination campaign costs. As for leadership bids, often candidates defy internal party rules by failing to file financial statements. According to former M.P. Douglas Fisher, leaving this area unregulated sometimes prompts suspicion as to "where the (nomination) money came from and what commitments were made".

Another area of concern, sometimes overshadowed by the prominence of corporate donation scandals, is the issue of trade union contributions. With the historical rise of the trade union movement, legislators in Canada gradually saw a need to apply corporate restrictions to union donations as well. The 1920 Dominion Elections Act, which was really just a statutory platitude as far as corporate contributions were concerned,[5] was so restrictive of union fund-raising that the socialist Co-operative Commonwealth Federation rallied to remove it from the books in 1930.[6] The involvement of unions on behalf of a political party dates from the increasing Government interference with the collective bargaining process. In the Election Expenses Act, there is no ceiling on the amount a trade union may contribute; however, s.13.1(7) and s.64(2)(b) of the Act stipulate that all monies intended as political donations should be taken from monies to which the union is beneficially entitled. With regard to the tax scheme, because unions don't pay taxes, the donation receipt is valueless. Members can deduct only those dues not used as political money from their personal taxes.[7]

The extent of trade union support for the New Democratic Party is clouded by the issue of support in the form of goods and services. In 1974, trade union contributions accounted for the largest single source of funds for the New Democratic Party's election campaign. The central party was linked directly to the financial lifeline of the national offices of trade union affiliates.[8] $450,000 was received in cash contributions and about $650,000 was provided by labour in the form of goods and services. In 1980, while union cash contributions dropped to $370,000, the value of goods and services provided rose to $950,000 - up 50% over 1979. These donations of goods and services stemmed directly from organized labour's "parallel campaign" to aid the socialist party exclusively.[9] In all, the roughly $1.3 million in union funds received by the New Democrats in the first three years of the Act's operation came in small amounts, most of it in payroll check-off donations from individual union members.[10]

The thorniest question concerning union political activities under the Act is the activity outside the aegis of the party; the support of the New Democrats by in-house trade union publications and other media vehicles, for example. Nelson Riis, a New Democrat M.P., opposes this type of activism simply because it "assumes that the union membership is stupid and can't figure it out on their own ... When it comes to contracts - getting an extra buck or two - that's when I support labour leaders, but we don't have them around to tell us how to vote", but more ominously, these contributions may well come under the Election Expenses Act's definition of "illegal expenses".[11] "That section of the Act", commented Gordon Ashworth, "has been very weak and if there is any cause for concern in the Act, that's it, because that could be the 'hole-in-the-dike' that allows any group to put in massive amounts of money for or against a campaign or party". Thus, as the Hon. John Reid observed, "the development of the Canadian Labour Congress' so-called 'parallel campaign' poses certain problems in the fundamentals of the Act".

The "check-off" method by which unions raise money from their membership, often for political purposes, is another area of controversy. In practice, unions deduct money from the wages of their membership, a portion of which goes to the New Democratic Party. The money may go to a union general fund which also serves political aims. The problem is thus one of separating union expenditures, pertaining to collective bargaining, from political expenditures. In the latter case, there are few checks in the system to protect the right of an individual member to express dissent. While some Canadian affiliate unions with American union constitutions have a proviso whereby the check-off can be diverted to another organization by the individual, this option is, understandably, seldom exercised.[12] It can perhaps be argued that tacit coercion is a major inhibiting factor in this regard. Despite this, New Democratic Party spokesmen, like party leader Ed Broadbent, defend the process: "A decision of a union is more democratic than a board of officers in a corporation deciding what they will do on behalf of all the shareholders".

Quite apart from monetary donations, labour unions are capable of providing the New Democratic Party with numerous forms of assistance. This includes providing union organizers to help oversee election campaigns and putting union facilities at the disposal of the party, as well as indulging in political education both during and between election campaigns. Even after the Election Expenses Act came in, the provision of these "services" - direct transfers of resources - remained a problem area which went largely unregulated.

In general, eight years after its introduction, there is ambivalence with respect to the effect of the Election Expenses Act on the Canadian electoral process. The Hon. John Reid, a man closely associated with the study of the operation of the Act, admits to a surfeit of bureaucratic problems and thinks that the Act itself has yet to take root in this country. "It will take another ten years before we really want to start looking at it and making substantial changes", he said. However, Chief Electoral Officer Jean-Marc Hamel sees an overwhelmingly positive response to the Act by candidates and describes a model enforcement and control administration: "We sent a questionnaire to candidates and their agents at the last election and the degree of satisfaction was quite high. I think we can say that the reaction was very positive. Some people may be unhappy with some of the details, but we're trying to be reasonable. Initially, the reaction to the Act was bad. One Member was not very happy because we had all his books seized because he did not want to cooperate. Generally there is a genuine effort to ensure that the rules are followed. We have regular meetings with the main staff of the political parties and we try to establish common interpretations and develop guidelines that are simple. Then the party people transmit the message down through their own people".

The nature of the changes that the Act has brought in terms of public perception has been described by the leader of the federal New Democrats, Ed Broadbent: "My guess is that twenty-five or thirty years from now people will look back and wonder why the whole system wasn't always as democratic. It certainly isn't perfect now, but it's pretty good. In the long run all the parties will benefit".

CHAPTER TWO

THE "ELECTION FINANCES REFORM ACT" AND ONTARIO POLITICS

I. INTRODUCTION

Dalton Camp, who chaired the Ontario Commission on the Legislature (the Camp Commission) which investigated election financing reform in 1974, described the need for reform at the time in the following way: "We had a system that was absolute anarchy - a law that no one cared to enforce and a law that no one understood or paid any attention to ...". Ten years after the issue of election financing was referred to the Camp Commission, partisan strategists, like the Conservatives' Norman Atkins, suggest that "going back to the original concept and to the purposes of the Camp Commission ... the Act has been pretty good on the whole". However, the resulting Ontario Election Finances Reform Act[1] has had a minor chorus of detractors who argue that not all of the aims of the Camp Commission have been met.

The Commission itself was composed of three members and constituted by the Legislative Assembly on June 9th, 1972. Its formal terms of reference were "to study the function of the Legislative Assembly with a view to making such recommendations as it deems advisable with respect thereto, with particular reference to the role of the Private Members and how their participation in the process of Government may be enlarged...".[2] The Commission's composition was tri-partisan in that the Chairman, Dalton Camp, was a notable Conservative strategist and his fellow commissioners were journalist and former New Democrat M.P. Douglas Fisher and former leader of the Ontario Liberal Party and long-serving M.P.P., Farquhar Oliver. In response to a public outcry concerning alleged contributions for favour to the Government, the Province of Ontario instructed the Camp Commission to bring in a proposal for the disclosure of campaign contributions.[3] In December, 1972, the Premier announced that the whole area of party finance was to be referred to the Camp Commission through order-in-council.

The Camp Commission's Third Report, devoted entirely to party finance issues, came out in September, 1974. Premised on the fact that "a free, open and democratic political system ought to have a greater reliance upon general public support and ought not to depend for its continuance on the generosity of a segment of the community",[4] the Report openly advocated the removal of the "presence of big money" from the political process.[5] In its recommendations, however, there was a hint of caution and compromise. Although the idea of public funding was supported, complete public funding was rejected due to the fear of stagnation in the political process as the parties became completely dependent upon the state.[6]

Disclosure was hailed in principle, but also recognized for its potential to "create new problems" in the area of inhibiting donations and fueling innuendo of donor-party conflicts of interest.[7] Given that the Conservatives stood to be most affected by any changes, some commentators suggest that the Camp Commission included recommendations with an eye toward rendering the Report more palatable to the Government.[8] For example, the Commission recommended against a constrictive policy of spending ceilings,[9] and was prepared to exempt the party trust foundations from disclosure requirements.[10] This view is countered publicly by long-time strategists within the Conservative fold. Norman Atkins said: "The nature of the Commission under the leadership of Dalton Camp was not to recommend an Act that would only be good for the

Conservatives. That's underestimating the men (on the Commission) and I don't think it would have worked".

By all accounts,[11] the commissioners enjoyed an amiable working relationship, with the only true divergence coming on the recommendation against spending limits; the Liberal appointee, Oliver, disagreed with this recommendation in the Report's flyleaf. While the commissioners seemed to take direct partisan instruction on this issue only, party loyalties were made fairly explicit in hammering out recommendations. Douglas Fisher was seen as the most reform-oriented commissioner and Oliver, as the most conservative. While the Chairman, as the Government's nominee, was expected to guard Conservative interests, he displayed a "genuine desire"[12] to overhaul the old system. It was with the blessing of all the commissioners, for instance, that enforcement provisions were made stringent and substantial detail was provided with respect to the unprecedented powers and responsibilities of the control agency designed to oversee any new law. Regardless of partisanship, the Camp Commission envisaged comprehensive audit and disclosure provisions strictly enforced by the proposed control commission.[13]

The Ontario Legislation

The Election Finances Reform Act, patterned closely on the recommendations of the Ontario Commission on the Legislature, was enacted in 1975 and encompasses a number of major provisions. It provides for the official registration of parties, allowing parties to raise funds throughout the year instead of restricting fund-raising to individual candidates during the election campaign period.[14] With respect to contributions, payments from a candidate's own funds are viewed as contributions and must be deposited on record with the control body - the Commission on Election Contributions and Expenses (hereafter referred to as the "Commission"). Only funds belonging to the nominal donor may be contributed. No contributions from individuals, unions or corporations residing outside the Province of Ontario may be accepted. Federal parties, local associations and candidates are prescribed from transferring more than $100 per Ontario riding to their provincial counterparts. Contributions of goods and services or advertising over the value of $100, furnished below market value, must be recorded as contributions and must conform to all contribution limits. The evaluation of goods and services is left to the auditor,[15] and when these items are contributed by a donor normally in the business of supplying them, their value is taken as the lowest amount charged by the contributor for an equivalent amount of the same goods or services at the same time in the same market. If the contributor is not in the business of supplying such goods or services, their value as a contribution is taken to be the lowest amount charged by any other supplier providing the same items on a commercial basis in the same market area.[16]

Annual monetary donations from a particular source may not exceed $2,000 to each registered party or $500 to any one constituency association, to an aggregate of $2,000 to the riding associations of any one party.[17] During an election campaign, the limits involved may be doubled.

All monetary gifts over $10 must be made by cheque to bank accounts registered with the Commission. Party membership fees and union check-off funds are closely regulated and controls are placed on fund-raising functions, such as dinners. In the case of membership fees and union check-offs, part of the proceeds must be reported and treated as contributions.[18] As for fund-raising dinners, the provisions stipulate that if the charge for the dinner is less than $50 per person, half the amount is allowed as an expense and the other half (if in excess of $10) is considered a contribution. If the charge is over $50, the amount over $25 is considered a contribution. There are no overall spending ceilings except for a rather generous ceiling on media spending.

The Ontario Act also introduces public funding by means of the candidate reimbursement and the tax credit. Candidates qualify to receive the subsidy if they receive fifteen percent or more of the vote based on the number of registered voters. The subsidy amount is 16¢ per registered voter for the first 25,000 voters in the riding and 14¢ per voter for each voter thereafter. With respect to the tax credit, the Ontario Income Tax Act[19] was amended to provide a tax credit identical to the federal scheme, and the Ontario Business Corporations Act was amended to allow deductions for political donations.

The Ontario Act permits parties to conceal the source and amounts of funds raised prior to the promulgation of the Act. The device used to do this is the foundation or trust fund, which, under s.1(4) and s.40 of the Act, is not open to public scrutiny and is allowed to survive indefinitely.[20]

General Observations on the Effects of the Act

While the public subsidy was counted on to achieve a number of democratic aims in election financing, including broadening the candidate base and decreasing dependency on larger economic and political organizations, a necessary adjunct to this was the reinforcement of the principle of accountability.[21] This at first proved problematic. As the Hon. George Taylor, Q.C., a Conservative M.P.P. and current Solicitor-General, remarked, "In 1975 we had people that were not quite attuned to the new methods and accounting procedures - where money could go and how it could be spent. There was difficulty in getting people to become accustomed to the fact that everything had to be accounted for". The only aspect of the auditing and record-keeping provisions that has since been criticized is the feeling that the Government subsidized auditor's fee of $500 is too low. According to one Conservative fund-raiser, "it's nothing for what the auditor has to do".[22]

With regard to the streamlining of the entire campaign process, a federal Liberal M.P., the Hon. John Reid, noted that as a result of the Act "election campaigns ... are now run and managed much better than the way they were 18 years ago. You are getting more bang per buck". This general comment joins a chorus of specific praise for some Ontario provisions. For example, Conservative Norman Atkins asserts that "the disclosure provisions in the 1975 Act made the system fair. It destroyed a lot of the mythology about the system. It took the mystery out of what it was all about and that it benefited not only the Conservatives, but every political party. There wasn't much going on, but it cleared up the process in the eyes of the public". The income tax credit system, recommended by the Camp Commission as a means of increasing public involvement in the political system, has been a startlingly successful aspect of the legislation, according to fund-raisers such as the Liberals' Don Wright.

The public subsidy system has increasingly come under question, however. While the Camp Commission had certain reservations in 1974 about recommending this system, one of the commissioners - Douglas Fisher - feels that these reservations have proven valid today. He said, "As a result of the reforms in the last ten years, the public treasury, either directly or indirectly, is now financing the political parties ... The real issue ... is generating some realization that the taxpayer, because he is funding the political process, has witnessed the development of a whole new substructure which is subsidized by the public purse yet is essentially partisan". The problem with this, according to Mr. Fisher, is that "when money is supplied by the taxpayer it tends to sustain those parties that are already in existence and secondly, it doesn't really put any pressure on what I call the activists and enthusiasts. On reflection, after ten years, I think the political parties may have it too easy in this regard".

The commentary in the press on the inequities of the reimbursement system has been more strident.[23] While the Camp Commission recommended the grants in order to insulate candidates against crippling losses and to induce less financially endowed candidates to run, a great part of the grants after 1975 ended up in central party or constituency coffers, since they were not needed to pay off campaign debts. In 1975, 206 of 456 candidates posted surpluses due to the reimbursement, and this number has risen in the intervening years. Because the Act does not allow candidates to pocket any surplus, the reimbursement is essentially a means of providing parties with more money to spend at the taxpayer's expense. Under headlines, such as "Ballot-Box Boondoggle", media commentators note that all-star candidates often need to spend little on campaigns, yet receive the subsidy regardless of this lack of need.[24]

A final related criticism of the Ontario Act is the most fundamental - the lack of overall spending limitations. Roger Dubé, a federal official, catalogues the supposed shortcomings of this: "Since the number of people who can contribute is not limited under the Ontario system, a Cabinet minister who is well-known has a much wider source of funds and therefore a much wider authority to spend money than the poor guy who has just started or a Member of the opposition parties ... Limiting contributions has had no effect whatsoever on election financing - things still continue to happen the way they did 100 years ago". Closer to home, the current leader of the Ontario New Democratic Party, Bob Rae, advocates realistic spending limitations because, as he sees it, "there are real problems with the fact that money can still buy a lot of advertisement time and a lot of votes in the process". The desirability of the spending limitations eschewed in 1975 augurs to be the most contentious issue in the near future in Ontario.

II. DISCUSSIONS ON THE FUND-RAISING PROCESS

Contribution Limitations:

The Key Players Evaluate the New Rules

Unlike the federal Act, the Ontario Election Finances Reform Act regulates almost exclusively the contributions aspect of political financing. An insight into the rationale behind the emphasis on contribution regulations was given recently by Dalton Camp. "I thought that if you first of all drained the big money out of the system, you'd have no more of the 'Fidinam' syndrome. After this was achieved, we would build a structure that would accommodate this principle, built on full disclosure and accountability."

The provisions, when taken in toto, have elicited a generally favourable response from those involved in the process. As far as the broadening of the donations base is concerned, the Camp Commission maintained that "a free, open and democratic political system ought to have a greater reliance upon general public support and ought not to depend, for its continuance, on the generosity of a segment of the community".[1] This thesis has been adhered to in the operation of contribution limitations as far as former Conservative Party Vice-President Edwin Goodman, Q.C. is concerned. "One of the benefits of contribution limitations is that it prevents people from going to a lot of big corporations and therefore democratizes the whole process by making it necessary to bring more people into the giving structure." Liberal Party President James Evans acknowledges that the old practice of relying on a small number of contributors to carry the cost of campaigns for the two major parties "probably wasn't healthy for the system", and admits that the provisions in the Act have forced political parties to go looking for all manner of contributors.[2] This broadening of the financing base has altered the focus of the two old-line parties more toward the "grass-roots" organization. The net result, according to David McFadden, President of the Ontario Progressive Conservatives, is that the smaller contributor has a stake in the system and the party to which he has contributed.

With regard to the job of the fund-raiser, federal commentators, like the Hon. John Reid, have praised the Ontario approach to financing reform. "The Ontario Act", he said, "is basically a collection act and it makes it much easier to collect money". As well, the party fund-raiser no longer has to contend with the concern that very large donations may come "with strings attached", given the modest ceiling set on contributions from any one source. As the former Chairman of the Ontario Commission on Election Contributions and Expenses, Arthur A. Wishart, Q.C., noted, "The Ontario Act put a limit on contributions so that you couldn't buy influence. The wealth of a corporation or an individual couldn't be used to alter the policy of the Government or a Member. That was sensible and wise". Liberal James Evans echoes this sentiment: "I would enthusiastically support the notion of controlling contribution levels, particularly from those donors who clearly represent organizations, such as corporations or unions".

While the concept of contribution limitations has been endorsed by spokesmen from all major parties, seven years after the promulgation of the Act, many who must work under its provisions cavil with the ceiling amounts. When the provisions were first enacted, s.19(1) of the Act limited annual contributions from any one source to each registered party to $2,000. As well, donations to constituency associations were limited to $500, with an upper ceiling of $2,000 on aggregate donations to the constituency associations of any one party. These limits are effectively doubled in campaign periods.

Currently, there is a widespread belief that the ceilings should be adjusted to compensate for seven years of inflation. As one Conservative M.P.P. explained, "We're now six years into the Act and the costs of spending areas have gone up quite a lot, particularly in the case of campaign advertising". Edwin Goodman echoed the same concern with regard to diminishing input into the process: "Inflation has made them (the limitations) a little ridiculous. There can't be any doubt that the limitations should have been indexed, like everything else. What was a reasonable corporate gift in 1971 or 1972 (and kept reasonable by the 1975 Act) is ridiculous in 1982". New Democratic spokesmen, such as former leader Michael Cassidy, also suggest that an inflationary review is in order, although the relatively low average donation to the New Democrats does not make this a pressing problem for the party. In the Liberal camp, men on the front line, such as fund-raiser Donald Wright, also believe that "the limitations are probably unrealistic", and serve to contain artificially the financial potential that can be tapped. Conservative Cabinet Minister Larry Grossman, whose riding fund-raising machinery is among the most productive, agrees: "Our colleagues would prefer that the limits be higher simply because people want to give more and are able to give more".

The philosophical justification for raising the limits revolves around the necessity of communication advertising in the democratic process. In this scheme, contribution money is seen as a direct determinant of the quality of partisan advocacy. While the base limits were judged sufficient to accomplish this task in 1975, even the man most closely associated with the operation of the Act since its inception, Arthur A. Wishart, Q.C., has advocated raising the limits. "It (the maximum donation provision) should be quite a bit more now", Mr. Wishart suggested, "perhaps tripled or quadrupled. It might not mean that people would give more, but the $2,000 (party) limit is low".

Another problem area in Ontario's contribution laws concerns the interpretation of "single source". "I think we were very tough when we set the limits", Dalton Camp noted. "We took Labatt's to be one contributor and that was very hard on the fund-raisers." Thus, there have occurred many situations where one diversified corporation, operating various businesses separately, has been restricted to a single contribution. Liberal Party President, James Evans, expanded on this concern by adding that some corporations do business in several ridings and "it's a problem of where to make donations".

Despite these arguments, the basic aims of the Camp Commission seem to have been met in the eyes of its former Chairman: "Generally, the limits are adequate. The real question was a pragmatic one - 'Will there be enough money in the system to allow it to operate?' So far, there has been. I was very satisfied that the two major parties that were the most sensitive to this legislation made such a good show of it. They lived with it. Certainly the Conservatives, who were the most anxious about it, made it work. I think that was a great win for the Ontario Commission on the Legislature". The danger, according to Mr. Camp, of increased review of contribution ceilings, is that "sooner or later you'll end up almost where you began - where suddenly $25,000 is an acceptable contribution. I would proceed very slowly and reluctantly in that area". As well, the ceilings have been partially offset by the great impetus other provisions of the Act, such as the tax credit, have given to constituency level fund-raising. This last factor, however, can be used equally well to illustrate an imbalance that the Act has been criticized for overlooking. Riding candidates, who are Cabinet Ministers, can raise more money than backbenchers. This thesis, although not peculiar to provincial politics, is borne out by the returns summarized in the Ontario Commission's Annual Reports.[3] Thus, despite contribution ceilings pertaining to amount, "the money tends to move where the power is", as Liberal fund-raiser Joe Cruden put it. The impressive amount of campaign receipts from urban ridings held by high profile Cabinet Ministers bears this out.

Given the above, the alternative of overall spending limits has been suggested. Disclosure, proponents of this alternative argue, can adequately perform the task of controlling contributions by inhibiting any untoward growth in the size of donations, yet questions of equity in the system are best addressed directly by means of spending limits.

On the other hand, advocates of the Ontario system tend to emphasize its strengths. As Cabinet Minister Hon. Robert Eaton argued: "I think you're penalizing the person who has a lot of support in an area and can go out and hustle up that support on a broad base. Putting a limit on spending is really saying: 'He's got a lot more support so we're going to penalize him', and I think that's wrong". Larry Grossman, Minister of Health in the current Conservative Government, collected $142,786 in receipts in his 1981 bid for re-election in St. Andrew - St. Patrick. This far outranked any other fund-raising effort in the 1981 campaign. Mr. Grossman's campaign expenditures totalled $90,552 - the largest sum expended by any candidate in that election. Yet Mr. Grossman downplays the efficacy of spending limitations by pointing out that while advertising limits in the Ontario legislation severely restrict the manner in which money can be spent, the scope of possible spending is also restricted: "All you can spend money on is committee rooms, telephone lines, broadloom for the campaign office, etc. We certainly didn't spend it on buying workers. The people that make the case for spending limits would have to be able to say that the results in my campaign would have been different if I'd spent $30,000 instead of $90,000. I can't get many people to seriously put that argument".

The Act and Corporate Fund-raising

When the Ontario Commission on the Legislature produced its Report in 1974, the commissioners acknowledged that "the business of political financing has been left to the business community", and suggested that 90% of the financial support of the Liberals and Conservatives came from corporate donations. As for the New Democrats, the Commission estimated that as much as 40% of the socialists' support came from trade unions.[4] "The reality", the Camp Commission reported, "seems to be that the party system cannot be adequately maintained without corporate support, short of substantial public funding".[5] Because of fears of party dependency and complacency, the Camp Commission was loathe to recommend this degree of public funding. Thus, at the outset of the reform period in Ontario, a continued role for corporate donations was envisaged, and that role remains crucial today. Even the New Democrats voted to rescind their own 1976 ban on corporate donations in February, 1982.[6] While the issue was restricted to "small" corporations of less than ten employees, the motivation was clear. As one New Democratic Party convention delegate put it, "Are we going to let the Tories deny us a source of income that we need ... because of our fears of the word 'corporation'?".

The legislation itself affects the old process of corporate contributions by banning anonymous contributions and by insisting that donations over $10 be made by cheque, with the donor's name and address printed thereon. Partnerships are barred from contributing as such. Presumably this was enacted to hinder partners from giving as individuals, as well as in the name of the partnership. Some party officials, like the Liberal Party's Chief Financial Officer, David Pretty, fail to see the distinction between partnerships and small corporations, however. "Why should large accountancy and legal firms be hindered in this way?", Pretty questioned.[7]

Section 30 of the Act bans donations from corporations that do not do business in Ontario and places limits on contributions by "associated corporations".[8] Nonetheless, the Election Finances Reform Act does not contain any attribution rules between corporations and their directors, officers or shareholders. Donors in each of these positions and members of their families may make a contribution deemed to have come from a separate source,[9] although this provision obtains only if the donor's funds are his and were not furnished to him for the purposes of making a contribution.[10] This last proviso seems to have been enacted due to a fear that large special interest donations could be rerouted through a plethora of smaller donors - a problem that has arisen in the United States.[11]

Following the introduction of the Act in Ontario, there was concern that the number of corporate contributions would decline. In this respect, Dalton Camp described the reform process as "a calculated risk", yet reasoned that those who dropped out of the process as a result "would likely include those who didn't want to participate unless they could use leverage". A general reluctance to contribute associated with the "Watergate" period became the single most important factor in the temporary decline of donations from business in Ontario. Often the Act's limitations served as a convenient justification for discontinuing giving entirely. Former Liberal leader Robert Nixon describes the period: "... any company here (in Ontario), that had any connection with an American parent company, really closed right up after "Watergate". Other companies, totally Canadian, got the feeling from their friends at the club that contributions were neither necessary nor a good thing to be making ... I have a feeling there was a general 'old boy' network communication that closed down giving considerably". While some current fund-raisers notice a continuing decline in interest on the part of the corporate sector, neither the American parent company policy nor the Act's limitations have qualitatively altered the system. As the Chief Financial Officer of the Liberal Party notes, "Even after "Watergate", companies like Gulf, Control Data, and Honeywell, continued to give. Despite the success of broad-based fund-raising like direct mail, you still want to go after corporate donations".

The Act has visibly altered the emphasis of the fund-raising process, according to Conservative strategist Norman Atkins, to the extent that "corporations aren't happy because they used to feel that their dollars bought access - they don't have any more or less access now, but the perception is different". The President of the Ontario Progressive Conservative Party, David McFadden, describes the shift away from the pre-occupation with the large corporations towards the riding organizations: "In the riding situations you do not find the Conrad Black's in the parties - they don't have the time, the inclination or anything else... There's this image that the Conservative Party sits in conclave with the top twenty corporate directors and makes decisions. Yet they never come to any meetings. In fact, if the truth were known, a lot of these tycoons are laughed off because they are so out of it in terms of their political 'savvy' or understanding of what's going on. Nobody takes them seriously, and every year they come tramping in with their views - most of which, if any Government paid attention to them, would send that Government down the drain". Thus, the fund-raising structures within the parties have adapted themselves toward garnering a broader base without regret, secure in the knowledge that the Act limits the perception among large interests that they have inordinate influence by limiting the size of their donations. Indeed, statistics from the 1981 election on record at the Commission show that the average corporate donations to the Liberal and Conservative parties were $708 and $486 respectively. The average trade union donation to the New Democratic Party was $436.

It has been suggested that corporate contributions in Ontario be banned entirely, following the lead of other jurisdictions, such as the Province of Quebec. The Camp Commission rejected this idea in 1974 by arguing that the need for political funding would simply be transferred from wealthy corporations to wealthy individuals or to non-profit organizations; in effect, "rerouting" donations. This development, in the eyes of the Camp Commission, would make parties "either conspirators or bankrupts", and the latter result would mean placing more of the responsibility for waging and interpreting a campaign in the hands of sometimes dubious media filters.[12] Seven years after the Act, the key players in the system still maintain that corporate and union financing should not be excluded from the process, provided that disclosure provisions are comprehensive enough. "Corporations", said one Conservative fund-raiser, "do little enough in the political process. If money is their contribution, that's fair enough".[13] Liberal fund-raiser Joe Cruden expanded on this feeling by noting that: "A corporation is just as much a citizen as an individual. Companies can't vote, but the one thing they can do is express support". Bob Rae, the leader of the New Democratic Party of Ontario, does not believe that the Quebec legislation, banning corporate donations, is workable, let alone proper. Echoing the original findings of the Camp Commission, Rae described any ban as an artificial barrier that simply invites the less scrupulous to seek out innovative loopholes.[14] Former Liberal leader Stuart Smith summarized the dilemma of corporate contributions in Ontario: "I don't like the idea of corporations (or unions) being able to use their shareholder's (or member's) money for political purposes. It may be used for the very opposite purpose than what the shareholders or membership really wish. It wouldn't bother me if these donations were banned, but if they are banned, you must understand what that would do to the central office of parties like the Liberals or the New Democrats. If you take corporate money away from the Liberal Party, it would have nothing to run the central office with. If you are going to remove these donations (and I think they should be removed)... this would have to be accompanied by something that would give more control to the central party with regard to contributions - otherwise you effectively close down the central office. If you want a law that gives you a genuine democracy, you certainly have to have one that allows the other two parties to operate proper central offices".

Under the circumstances, banning corporate donations seems unwise and unwanted in Ontario. Many fund-raisers, such as the Conservatives' J.D. Maclean, would prefer to see contribution limits raised and further differentiated from individual donation limits to allow greater sums to be collected. Joe Cruden agrees: "When you were historically accustomed to getting $50,000 at election time from a major company, to drop it to $8,000 is a very sudden drop. I would like to see the amount raised. When I think of the effort of the fund-raising machine, boy! would I like to see us get more than $8,000 at election time from a company".

Disclosure

J.D. Maclean, a fund-raiser and Chief Financial Officer for Conservative Cabinet Minister, the Hon. Tom Wells, described the disclosure provisions of the Election Finances Reform Act as "the best thing to happen to fund-raising in Ontario". The fact that these provisions were the underpinning of all reform in Ontario has been pointed out by Dalton Camp: "You couldn't make any fundamental changes in a system that needed change unless you had disclosure. The public interest is best protected by disclosure. Once you have this, however, it's going to be more difficult for the parties to finance themselves. Against this hazard you introduce some form of incentive to contribute and a subsidy. Once you do that, you're into public accountability".

When the Ontario Commission on the Legislature produced its Report on election financing, there were several concerns over disclosure laws. One, already mentioned in retrospect by Mr. Camp, was the possible inhibition of contributions. Not only was it feared that publication of donor's identities would reduce the amounts given, but also tend to "artificially equalize" these amounts among parties, as donors would fear giving a preponderant amount to one party.[15] As well, it was suspected that with disclosure there would arise suggestions of "donor-government or donor-party conflict of interest, even where none exists".[16] It was for these reasons that the Camp Commission concluded that "disclosure ... in itself may not significantly improve the system".[17] The devices of the tax credit and the reimbursement system came about in order to counter-balance these contemplated negative effects. As they were ultimately enacted, disclosure laws involved the filing with the Commission of an audited financial statement by each registered party, constituency association and candidate, six months after any election and the filing of an audited annual statement by each registered party and constituency association. They also provided for public inspection of these documents at the offices of the Commission on Election Contributions and Expenses.

One of the first effects of the disclosure provisions of the Act was an end to the inference that politicians could be bought. An example of this was the innuendo surrounding a $500 contribution by a developer to then Housing Minister Claude Bennett's 1977 campaign. While it was openly deemed absurd that $500 could sway Mr. Bennett, the disclosure laws allowed the issue to be brought into the open and gave the legislator involved the opportunity to return the contribution publicly.[18] Despite the complaint by some[19] that disclosure comes too late in the process, it functions as a great benefit to fund-raisers and to politicians who can now openly fight any unfounded claim of impropriety. As Rodney Hull, Q.C. Attorney-General Roy McMurtry's chief fund-raiser, commented, "Right now, nobody can say that I did this and that, or that I did something improper. If that was the case, it would show up in my books and I'm accountable for it. Before the Act, you never really knew - it was a pretty mysterious operation". Conservative fund-raiser Bill Kelly notes that the old system sometimes discouraged contributors in this regard: "All contributions were confidential and any that were made known were discoveries. Even though I knew first-hand that there were no wrong-doings, it made contributors say 'If the totally legitimate contributions I may make are going to be treated that way, who needs the flak?' ". Certainly, the legislators and candidates welcomed disclosure in the face of apparently very real pressures: "With some of the development companies", noted Liberal fund-raiser Donald Wright in explaining the old system, "it was as plain as plain can be that they were making their contributions because they were expecting to be specially favoured by the Government". Disclosure increased political resistance to these searches for a quid pro quo. It also helped break down broader party stereotypes. One Conservative spokesman provided an example of this: "The thing that pleases me most is that our own party has always been accused of being a party that's supported by large corporations. When this information was confidential, I had to bite my tongue when I saw these statements made... I think in one year we had more individual contributions than the Liberals and New Democrats put together. Without disclosure, anybody who wants to make innuendo wins, because you can't respond".

Another positive effect of disclosure was apparently to aid in broadening the contributions base and the level of political involvement. As David McFadden explains, "Anybody in the riding can now look at it (the audited donors' list). The list is open and available and what you are finding is that everyone feels as if they should give a bit".

According to fund-raisers, disclosure of the names of all contributors of sums of over $100 has had a salutary effect. As Liberal Party President James Evans flatly states, "I don't want somebody's money if they're not prepared to have their names published". J.D. Maclean agrees: "If someone wanted to give me $99, I'd ask him if he was ashamed of supporting Tom Wells. I'd be very reluctant to take $99". Often, however, there are justifiable reasons for some people to fear disclosure and, consequently, not to contribute over $100. Conservative Cabinet Minister, the Hon. Robert Eaton explains: "There are some people who might go over the $100 limit if they didn't have to have their names printed. It's not because they are looking to get something, but they just don't want to be associated with a party publicly - especially little business people who deal with everybody in a small-town store, etc.".

With regard to corporate donations, disclosure has forced several tough decisions to be made at the management level. First, the question of contributions to the New Democratic Party arose - should they be a token amount, in support of the system? The New Democrats, by refusing to accept corporate donations, solved this problem for the corporations. Secondly, the corporations had to adjust their donation pattern not only to take a favourite party into account, but also to support likely winners. As well, shareholders' attitudes now had to be considered. Finally, because the two major parties could now discover the relative disbursement of contributions from any one source, corporations "couldn't give priority to their contributions".[20] Impetus was therefore given to the idea of donating equally to all major parties that were not hostile to business.

The Tax Credit

Part of the Camp Commission's plan, to shift the fund-raising base toward the public at large, involved a proposal for tax credits similar to the then-recent federal system and a tax check-off system similar to that which operated in America, whereby every taxpayer with taxes payable of $2 or more could check-off a standard $2 donation to the party of his choice. While the check-off was not adopted in the legislation, the individual tax credit was made a part of the Ontario Income Tax Act.[21] The system allows Ontario donors to claim a credit for contributions in the amount of seventy-five percent for gifts up to $100; $75 plus fifty percent for gifts from $101 to $550; $300 plus thirty-three percent of gifts over $550 or $500, whichever is smaller. These provisions are supplemented by an income deduction system for corporations contained in the Ontario

Corporations Tax Act.[22] When calculating taxable income, the maximum contribution that can be claimed by a corporation in a fiscal year is $4,000. In order properly to support these claims, official receipts must be attached to corporate income tax returns filed with the Ontario Minister of Revenue. Unlike individual donations, unclaimed contributions may be carried forward and claimed in any future years in which there is sufficient taxable income. Finally, the Corporations Tax Act provides a formula for companies carrying on business in other jurisdictions as well as Ontario, allowing them to allocate all contributions against their Ontario allocation of income.[23]

While the tax incentive has generally encouraged giving, there is debate over whether the credit has signalled a new era of mass fund-raising. Stuart Smith is cautious in assessing the direct effect of the tax credit system: "I think the tax credit is an additional 'shot in-the-arm' in terms of getting a bit more from the individual when he sees what his net cost is. However, I think the true reason for the increasing number of contributors is that they're being asked more widely ... I think that's a direct result of the legislation".

The tax credit has had a more clear-cut effect on inter-election financing because of its year-round validity. Inter-governmental Affairs Minister, the Hon. Tom Wells notes: "The income tax credit is the thing that has really given the process the impetus. It's a pretty good selling point, particularly in the last half of the year".

As for the New Democrats, Bob Rae comments that "the tax rebate system, combined with what we're trying to do with our own monthly payment notion, is a pretty painless way of raising money". It has been suggested that the successful tax credit scheme be expanded, perhaps applying the seventy-five percent rebate to $200 contributions, rather than just to $100 donations, if only to counteract the effects of inflation.

The New Style of Fund-raising

The Election Finances Reform Act has affected the fund-raising process in a number of ways. The logic of the Act seems to have been to provide a powerful incentive for small contributors in order both to broaden the contribution base and to induce actual involvement in the political process by a greater number of people. The results have been surprising, in view of the parties' stereotyped images. In 1981, the Conservatives received 2,778 individual donations, averaging $229 and the New Democrats received 1,701 individual donations, averaging $200. The Liberals, despite their claims of widely-based support, attracted only 510 individual donations, averaging $276.[24] New Democrat Leader Bob Rae notes the effect that rising individual involvement has had on his party: "We've stopped doing things like 'passing-the-hat'. Now, with the tax credit, people want the receipt for taxes and pay by cheque. The reason our participation hasn't reached similar levels is because we haven't done what we should do — door-to-door fund-raising".

While it has broadened the base, the Act has made some aspects of fund-raising more difficult for the fund-raiser. Once the Act came into effect, a corporation which would normally have given a large donation, was restricted to an aggregate of $4,000. This tended to increase the pressure on fund-raisers to make up the shortfall, forcing them to turn to a segment of the population that had never traditionally given. As Liberal fund-raiser Joe Cruden noted, "the easiest people to collect from are the ones who are used to giving". This change in emphasis has made the fund-raiser's job more taxing. According to Conservative strategist Edwin Goodman, fund-raisers have become "more a part of the ordinary everyday organization on a riding level". The cumulative effect of all this seems to be a dramatic increase in the needs and size of fund-raising organizations. Given a ratio of ten calls to one collection (a ratio offered by men such as Mr. Cruden), a fund-raiser must make over one hundred calls to replace a large donation under current contribution limits. According to Cruden, "the demand for manpower in fund-raising just went through the roof - everybody had to be a fund-raiser in order to keep things moving... That became an administrative nightmare". Because this phenomenon tended to reduce the experience and "professionalism" of the average fund-raiser, the turnover rate in personnel increased. This, in turn, caused a dilemma for chairmen of party fund-raising committees in that there arose a risk of giving a good "account" to a less competent or reliable fund-raiser.

A positive effect of this expansion in the number of fund-raisers, however, was that it contributed to an increasing public awareness. As Mr. Wishart noted, "What harder-working fund-raisers have done is make people more conscious of the fact that there is a campaign, that it's important that they become involved, and that part of that involvement is financial support. Sometimes, this donor involvement stretches to even greater association with the process". Rodney Hull has found that not only have eighty percent of individual contributors to Mr. McMurtry's campaign in the past repeated their support in 1981, but also that these contributors seem less reticent about approaching the candidate "because they've become involved in the process". J.D. Maclean, another Conservative fund-raiser, put it more bluntly, "You get someone that contributes and he'll either work on the campaign or talk to his neighbours about supporting the candidate and 'what not'. Therefore, the Act is a great boon to those parties that have taken the time to build their organizations". This can only be healthy for the system.

One of the most active fund-raising techniques under the Act has been the fund-raising dinner or special event. There has been more pressure to raise funds in this manner among all the major parties. While some party officials, such as Liberal Party President James Evans, candidly admit a preference for direct solicitation of contributions, other fund-raisers agree that making the approach to a potential donor is easier if something like a dinner is offered. Most notable, since the Act came into effect, has been the increased use of dinners at the riding level during inter-election periods. Given the drawing power of a prominent head-table guest speaker, these constituency association functions serve the vital needs of ongoing funding that the Act encourages. Conservative Party President David McFadden explains this development: "You used to have the odd fund-raising dinner here and there, but it really has become a pervasive thing now. Virtually every riding seems to have a dinner of some type or another. Some of these have become very expensive - which has created some controversies". One such controversy is the accusation that the small contributor is excluded because he cannot afford to buy a ticket, thus defeating the objectives of riding-level fund-raising. Apologists respond by arguing that the expensive constituency dinners raise money to support less ambitious fund-raising events like parties and dances.

With disclosure and contribution limits, the dinners have become popular with corporate donors. While the Chief Executive Officer of a subsidiary company with an American parent may be reluctant to ignore donation policies set by the head office, he is relatively free to purchase dinner tickets. Rather than making a direct contribution, corporations are more willing to 'buy a table' at a fund-raising dinner for the same amount of money. Conversely, fund-raisers, like the Liberals' David Pretty, have encountered donors who find the dinner technique cumbersome. "Some people say 'Look, I can't be bothered trying to find people to go to the dinner and anyway, I'd rather have all the money go to the party instead of paying for the expense of the meal; therefore, just let me write you out a cheque' ".

One issue that Mr. Pretty's comments raises is the amount of any dinner ticket legally considered as a contribution. Originally, the Ontario Act provided that for events costing $50 or more per ticket, $25 was to go toward the cost of the event - i.e., would not be tax-deductible as a political contribution. Lately, however, the Liberal Party has announced that it would give donors tax receipts for the entire face value of a dinner ticket. In 1980, the Commission decided that this practice was allowable. Only the fear of more paperwork has dissuaded the Conservatives from taking advantage of this option. The Conservatives maintain that formula involving the $25 expense deduction enables corporate donors to purchase more manageable blocks of tickets given their $500 riding-level contribution limit.[25] Nonetheless, recent developments in fund-raising techniques have increased the use of dinners to the extent that the more prominent party activists run the risk of being "dinnered to death".[26]

Direct mail is another fund-raising technique which has gone "hand-in-glove" with the Act's aim of broadening the contribution base. The Conservatives, who have been successful with this technique on the provincial, as well as the federal level, readily concede that such campaigns are crucial for collecting smaller donations. The President of the P.C. Ontario Fund, Bill Kelly, admits that "direct mail accounts in dollar terms for fifty to fifty-five percent of the total Party revenue, but it's an investment since it's a specialty". The New Democratic Party, which has done two mailings since Bob Rae was chosen as their new provincial leader, has also adopted the direct mail approach in a comprehensive way. The Liberals, however, argue that a technique like direct mail leaves a party overly vulnerable to political winds, and that the investment required and risks taken are too closely tied to short-term popularity. Liberal fund-raisers also frankly admit that their party has not yet acquired the 'grass-roots' base to sustain any massive reliance on direct mail. "The general finding with this type of campaign", explained Stuart Smith, "is that you lose money or break even for the first few years, then you start to make money afterwards. The party never had enough money to afford to lose it. You have to have the capital to start with".

The Fund-raisers: Then and Now

"What the Act has done", David McFadden maintains, "is take fund-raising out of the back room. The difference now is one of day and night -- at all levels". This was the "purpose and spirit" of the

Camp Commission, and its Chairman envisaged the necessity of fund-raisers to work harder. "I knew Bill Kelly (current President of the P.C. Ontario Fund) well enough to know what his anxieties were", Camp recalled. "The fund-raisers continually said that they would make their best effort to make it work... It would encourage them (and they were willing to be encouraged) to broaden their canvass."

Mr. Kelly, while admitting that even under the old system fund-raising was difficult, emphasized the fact that "broadening the canvass" usually meant that fund-raisers now had to solicit many more people in order to meet their budgets. This additional burden was superimposed onto other difficulties, such as competition with other levels of the fund-raising organization. "I find competition with P.C. Ontario Headquarters", commented one local fund-raiser. "They take our mailing lists, which I don't think is the right thing to do without our knowledge." Yet Dalton Camp's general assessment of the fund-raiser's willingness to "broaden the canvass" seems to be correct and its importance cannot be over-emphasized.

Perhaps most importantly, the Act seems to have changed the image of the fund-raiser in Ontario. These men speak most eloquently for themselves. Liberal Joe Cruden comments: "With disclosure and the tax credit, it's all out on the table. The seedy 'bagman' image has really disappeared. The only people who use it that much are the media and people who don't know what they're talking about. Fund-raisers are often the only contact between the public and the party - one of the prices that a fund-raiser pays is listening to a lot of people's advice... Within the party, the influence of the fund-raiser is more in proportion now. You're respected for being a fund-raiser the same as if you were a riding or party president. I have found fund-raisers to be people of the highest integrity, which is why the image of the 'bagman' really upsets me". Conservative Rodney Hull states: "Fund-raising isn't just raising money. It's a positive contribution to the campaign in the sense of obtaining greater involvement on an ongoing basis... The Act has certainly improved my feeling toward myself. I think a person who raised money before the Act was held in very low esteem by everybody". Now, however, the role of the fund-raiser appears to have been re-defined. "You had no control on spending before the Act", Hull continues, "all you were was somebody trying to fill an open sewer with hundred dollar bills. It wasn't very satisfactory before the Chief Financial Officer became an unofficial watchdog on spending". Liberal Don Wright also comments: "As far as I was concerned, the Act didn't make me feel any better because I never felt bad about it in the first place. The more I collected, the better I liked it. It was just a game to me to see how much money I could raise".

III. SUBSIDIZING ONTARIO POLITICS

The Election Finances Reform Act introduced an extensive system of public funding of candidate expenses. Section 45(1) extends a subsidy of 16¢ for the first 25,000 voters in the electoral district and 14¢ for each additional voter to every candidate who receives 15% of the popular vote. The Camp Commission rejected the concept of total public financing of the political process and opted instead for partial compensation of the expenses of those candidates who had demonstrated a minimal threshhold of support. In this manner, public and private financing of the system complemented each other. The Camp Commissioners stated, "In our opinion, this will provide a greater opportunity for parties to broaden their base by going out to organize new support. Consequently, the health of the constituencies will be improved and they too will have fresh incentives to solicit funds and maintain strong local organizations". It is unlikely that the Commissioners fully appreciated the impact of their recommendations. Now, only seven years after the Act's implementation, constituency associations are not only healthy, but appear to have experienced a miraculous transfusion of activity.

Constituency Activity

The subsidy, which averaged just under $7,000 per eligible candidate in the past provincial election, has been utilized for a wide array of purposes: to discharge campaign debts, to contribute to a fund for subsequent campaigns and to finance riding activities. "It varies with the parties and with the ridings", said the Conservative

Party President David McFadden. "Sometimes ridings give money to the central party. A lot of them put it away so that it will be available for the next election. The money eventually gets spent on something, but I think that if there is a surplus after the election, the tendency of a lot of ridings is to bank it and hold it for a rainy day or a major project."

"We try to raise a sufficient amount to break even before the campaign starts. Therefore, we can use the subsidy for ongoing inter-election organizational work", said the Hon. Thomas Wells' Chief Financial Officer. Robert Nixon's riding association applied the reimbursement to assisting its members in attending conventions. "We use up a considerable amount in postage and communications -- advertisements for meetings and it's sort of nice to have the money on hand before an election is called."

The Solicitor-General, Hon. George Taylor agreed that the subsidy has aided in boosting the activity level of riding associations. "You can do social events, mailings, send people to conventions, support a youth group or just hold a weenie roast." In fact, Mr. Taylor's association sponsored a trip for one hundred of its Barrie members to visit the Legislature. "If there is a deficit for a social event, it can be covered by this money." Although this type of funding does not directly contribute to the political process, it does sustain local interest in the riding association between elections.

While Mr. McFadden acknowledged that riding activities are aided by the subsidy, much of the political activity since 1975 is a result of Conservative party policy: "It was more to do with a restructuring, refocussing of the party organization than it had to do with money".

Clearly the subsidy, even if its effect has been more complex than that envisaged by the Camp Commission, has achieved its objective. "The purpose and values of such a policy are to help ensure that credible candidates may mount credible campaigns; to relieve the pressing needs upon parties and candidates for campaign funds and as well, through our proposals, to give an incentive to candidates to manage their expenditures in the interest of effectiveness...", stated the Commissioners. The subsidy has indeed contributed to candidates becoming more effective managers of their election money. The anticipation of achieving 15% of the votes and receiving the reimbursement has encouraged campaign managers to budget for the additional funds: "We all look at it this way -- you know you're going to get that back if you're around 15% of the vote, so you're certainly counting on it and spending it as part of your budget", said Conservative M.P.P., the Hon. Robert Eaton.

Liberal Chief Finance Officer David Pretty explained that if there is any doubt that the candidate will win the qualifying votes, he often budgets expenses a little lower than would otherwise be the case. "However, once we budget, we budget the subsidy right into our total."

The Hon. George Taylor said that in many ridings, companies supplying candidates with materials and advertising demand payment in advance, "so if the writ is dropped very quickly, you have to scramble around to get money. If you have something in the kitty, you can buy your signs".

In addition to aiding individual candidates, the subsidy has been responsible for removing some of the burden from the shoulders of the central parties. The provisions are of benefit to all three political organizations in this respect, although many maintain that it has helped the New Democrats to a greater extent by injecting funds where none were previously available. "Money brings forth activity. As our ridings found themselves with more and more money because of the subsidy and tax credit, their levels of political activity were up. There is no question that this part of the Act has had a good effect", said Provincial Auditor for the Party, Bernard Nayman. "Sure, the $6,000 is nice to have at the end and maybe it means more to us in terms of dollars than it does to the Conservatives, but it doesn't benefit us in any way more than any of the other parties."

Jack Murray, a member of the New Democratic Party's Executive, believes that the subsidy was a significant factor for no fewer than sixty ridings where the party previously ran low-budget campaigns. "There are now sixty ridings where this party is real, has some organization, presence and is perhaps in a position to be more ahead and derive political benefit", he said. This growth was financed by the reimbursement.

The Party Leader confirmed these observations and said that fewer associations emerged from the election with a substantial debt: "The subsidy is very important. You plan your fund-raising around it, you plan your allocation of funds around it. I think it has contributed to the life of the local riding association. There are now local publications that there would otherwise not have been. It is a crucial part of a local campaign".

Access to Political Office

Although the Camp Commission's recommendation for candidate subsidies was not expressly designed to broaden access for individuals of modest financial means, the effect of the reimbursement in this area has been recognized: "The Commission was astonishingly philosophical. It wasn't to improve the breed as much as it was to equalize opportunity", said Mr. Dalton Camp in retrospect. "For years the impulse of many constituencies, when they wanted a candidate, was not to get the best one, but to find a candidate who could afford to run -- to get a rich one. The subsidy makes it less important for the candidate to be wealthy in his own right or even to have contacts."

Liberal Party President James Evans applauded the reimbursement for its contribution to attracting new candidates. Having been personally involved in between thirty-five to forty contested nominations, he is in a position to observe: "Without doubt, in every one of those, at least one candidate ran who couldn't have afforded to do so ten years ago, and in many cases, won them". Furthermore, Mr. Evans said he has witnessed more women running for the Conservative Party and a greater number of young people from all parties trying to become elected. "We're getting a lot more women and younger people. That's a very significant impact", he explained. "They're able to contemplate political involvement because we're able to assure them that they will not have a personal debt with which to deal after the campaign." The fact that under the Act the candidate cannot legally assume campaign debts has aided in the recruitment of potential candidates.

"In the urban centres, the Act has definitely made a difference in terms of being able to entice candidates to run who wouldn't normally be people who could afford it. We're getting a higher percentage of people who are non-classic political candidates", concluded Mr. Evans. Conservative strategist Edwin Goodman agreed wholeheartedly, "It does help them - they won't go into debt when they run".

Norman Atkins is not so certain, however. "The subsidy is not that much that it would really make a difference. I would be very surprised if it had much to do with it." Nonetheless, Mr. Atkins did agree that the subsidy allows candidates to "get the money up front" by borrowing against it. "In many cases, it makes the difference too." Party President David McFadden was more inclined to believe that the subsidy did not play a prominent role in a candidate's decision to run for office; rather, it was his personal economic circumstances and the ability to give up a career. "...Economics is usually related to their own personal life and their family, their ability to earn a living, rather than campaign spending. I don't think campaign financing is a major impediment to candidates running."

Conversely, Liberal House Leader Robert Nixon holds the view that the advantage of incumbency is partially offset by extending subsidies to challengers. "The idea that a new candidate can move in and be subsidized means that he or she needs to raise only limited funds himself or herself. In my own area (Brant-Oxford-Norfolk), I know you can wage a decent campaign on the subsidy alone." Stuart Smith concurred, "I do think access has been increased -- the law has increased it for people who are not of means. The reimbursement is a good thing".

For David Pretty, who unsuccessfully ran as a 1981 candidate in Toronto's Oriole district (and received an $8,201 subsidy), the reimbursement did not play a role in his decision to seek office because he was unaware of it, "but when we didn't raise as much money as we thought, it became vital", he said. Conservative Member of the Legislature, the Hon. Robert Eaton, does not attribute easier access to candidacy to the subsidy, but rather points to the tax credit as the catalyst: "I think that's where the difference is, and since the party organization raises the funds, I don't think it matters whether the clergy is running or someone who's a millionaire. They're still going to have, through the parties, a tool to raise funds".

New Democratic Leader Bob Rae complimented the Ontario subsidy for aiding candidates: "It is very important to go to a person and say 'If you run, it won't cost you any money' ".

Mr. Arthur Wishart, Q.C., former Attorney-General of Ontario and Chairman of the Commission on Election Contributions and Expenses, spoke with considerable authority when he said, "Yes, I think it is easier to gain access. There is that increased public awareness and I think that carries over to people who have in mind that they would like to be a candidate. They know if they make a fair showing, at least 15% of the vote, they are going to get a substantial subsidy. So, in that respect, they don't have to hesitate so long in offering themselves as a candidate".

Subsidization of Central Parties

In 1977, the Quebec National Assembly enacted a provision as part of its election reform which provided for a direct subsidy payable annually to the two major parties. It is presently just under one million dollars for both the Parti Québecois and the Liberal Party of Quebec. Individuals involved in Ontario's political scene were questioned about the advisability of such a scheme and it is apparent from their response that their views are as varied as the political ideologies which they represent.

"We already have tax credits. I think that is enough of a subsidy, really!", said Mr. McFadden. He also indicated that the taxpayer was making enough sacrifices with the present state of the economy that he couldn't justify asking for more assistance. "...I just think that the times are wrong." Furthermore, increased subsidies may dissuade individuals from volunteering their services as seems to have happened in Quebec. "Once the state pays for it all, then there is less and less reason for the people to try and involve anybody except those who have a direct interest to be running."

It is not surprising that the Camp Commission chose to avoid recommending supplementary subsidization of the parties: "I don't believe that the party, as a party, should be Government supported", insisted Mr. Edwin Goodman. "I think it would blow public confidence in the system if they thought all their money was being taken out of their pocket to support parties. It would stop people from going out and raising money and I think that is a bad thing. The more money they have to go out and raise, the more democratic the process."

The Hon. Robert Eaton fears that if the parties were offered direct subsidies, only some candidates would receive the benefit as the organizations might "target ridings that they might spend more on". Mr. Eaton does not wish to see opposition candidates carrying on their activities with additional public funds beyond those provided by the reimbursement: "They can do it with their own people in their own organization ... the sitting Member should not have to worry about somebody undermining him all the time with material and subsidized propaganda".

"I think the strength and weakness of a party is based on the 'grass-roots' support of it; you are artificially propping them up when you're providing subsidies", Mr. Norman Atkins firmly said. He explained that the parties already receive assistance for caucus offices and research: "I have no compassion or appreciation of the notion that the taxpayer should support a political party on a subsidy basis".

Former Liberal Leader Stuart Smith is also opposed to the concept of inter-election subsidization ("I think it is good for people to have to go out and raise money"), but he was insistent that the central party be permitted to issue income tax receipts and retain a percentage of the contributions. Similarly, Liberal Party President James Evans rejected the notion of party subsidization, citing the necessity of maintaining an active volunteer contingent which may be discouraged from participating if party coffers begin overflowing. "I can't believe the taxpayers should be asked to carry the burden in a direct way." Mr. Evans then offered a unique suggestion for boosting participation in party activities -- a tax credit for the value of volunteer services.

On the other hand, Liberal House Leader Robert Nixon supported the subsidy concept, emphasizing the advantaged position that the Government party occupies due to assistance provided to it by Government employees and the higher levels of corporate contributions which it receives. "I personally think that a subsidy to a central party at election time would be supportable. The Government party is bound to get a huge lion's share of 'dough' from people in spite of the protestations on all sides from people who believe that if they are not buying influence, then they are buying attention."

The New Democrats also support the idea. "I do believe in subsidies", emphasized Mr. Rae. "People have to understand that parties play a very important role in the political process and that fund-raising is a difficult thing to do."

Qualifying for the Subsidy

As has already been pointed out, a candidate must win 15% of the votes cast in order to receive the subsidy. Most of those interviewed believed that this was a proper entry level. Mr. McFadden expressed satisfaction because any candidate not winning the minimal support may still take advantage of the tax credit scheme: "...but if he can't get 15% of the vote, I don't see why the taxpayer should subsidize that". Bob Eaton was in agreement: "I think it is probably pretty fair at 15%".

The New Democrats appear to be divided on the question. Members of the executive expressed happiness, but Leader Bob Rae felt that even 5% represented a serious enough presence in the political arena to warrant assistance. Mr. Rae concurred with the Camp Commission when he stated: "The purpose of the legislation should be to avoid providing a huge subsidy to parties whose presence would be artificially increased".

A subsidiary question has arisen with respect to whether candidates should continue to be entitled to the reimbursement if their campaign balance sheet indicates a surplus. "If you don't offer it to everybody, it puts a premium on inefficiency", pointed out Mr. Rodney Hull. "I think where a man works hard and has a keen and active association, there is no reason to deny him what is provided in the Act for every Member", concluded Mr. Wishart.

The vast majority of those interviewed were content with the present level of subsidy, despite the fact that the payments have not been adjusted since 1975. Partial explanation may be found in the increase of individual contributions to all three parties.

IV. SEVEN YEARS LATER: THE BENEFICIARIES

The Camp Commission set out to initiate a very ambitious metamorphosis of Ontario's political process and structure: "What we are looking for is a formula by which political parties will be assured reasonable means for the purposes of meeting their campaign costs and their ongoing organizational expenses without the present heavy reliance upon large corporate or institutional contributions", stated the Commissioners. It may be said with some assurance that the Act has provided that "formula". Although aiding one party at the expense of another was not a stated objective of the Camp Commission, it appears that many believe it is the Opposition parties which have received the greatest interest on the investment in reforms. There is little doubt that all three major parties and their candidates have been aided by the subsidies provided since the inception of the Act.

"I don't think there is any question that the Government party designed an Act that it could live with and perhaps it suspected that the other parties would have some difficulty living with", said the Liberals' James Evans. "The Tory Party has had a very long, strong tradition of raising money from individual contributors, but they made sure that they set those limits high enough that those contributions wouldn't be affected."

Upon closer scrutiny, it is evident that Conservative contributions have not kept pace with those of the Opposition. Total Conservative contributions for the 1977 election period totalled $2,162,437, while four years later, this figure increased only to $2,391,828. By contrast, Liberal receipts were $598,611 in 1977 and by 1981 the Liberals had boosted their income by over $300,000. The New Democratic Party saw an increase in the order of eighty percent. Furthermore, the third party's campaign expenses witnessed a two-fold increase, while those of the Conservatives increased by less than thirty percent.

Donald Wright, prominent Liberal fund-raiser, remarked: "I think the thing has probably hurt the Liberal Party more. I don't know if anybody has benefited. Perhaps the others benefited in that the Liberal Party has been adversely affected". Mr. Wright added that the New Democrats had the advantage of trade union check-off and that the party was better equipped to adjust to contribution limitations as it had been funded by small contributors.

Former Liberal Leader, Stuart Smith, acknowledged that the New Democrats emerged in a relatively secure position after the Act's inception, but he refused to conclude that the Act has had a detrimental effect on the other parties. "I think probably the N.D.P. has benefited most inasmuch as anything that limits the capability of the other two parties to raise funds is likely to benefit the N.D.P.", he said. "However, I don't think anyone has suffered especially under the Act and I don't think anyone has been a particular winner. The Tories were raising the most money before the Act and they raised the most under the Act. In a sense, the labour unions continued to have special treatment, but I don't think anyone has been terribly favoured one way or the other."

Douglas Fisher is more outspoken in his views on the Act's beneficiaries: "As for the N.D.P., I think they have gained the most in Ontario because of the subsidy. I have noticed a remarkable difference in the party". Clearly the New Democrats' relative fund-raising handicap, attributable to the absence of corporate contributions, places the party in a disadvantaged position, but the reimbursement, coupled with the tax credit, has been of enormous assistance to the party's constituency associations. For example, the 1980 annual financial statements of registered riding associations indicated that the Conservatives raised $1,149,681, while the New Democrats collected $895,717. In light of the party's performance at the polls, the discrepancy is a remarkably narrow one. Furthermore, of the 125 candidates endorsed by the party in the 1981 election, only forty-nine were not eligible for the reimbursement. For the rest, the subsidy provided a substantial portion of their campaign expenses. "I have a feeling that the legislation worked more in favour of the N.D.P. than it did for the other two parties", said Joseph Cruden, a Liberal fund-raiser. "The reason for that is that the N.D.P. have had a tradition and a rule that they will not take money from corporations. This means their approach had already created a broad base of giving, so the transition with the legislation was an incredible windfall."

Curiously, the Camp Commission did not anticipate any particular beneficiaries from its recommendations; in fact, the report emphasized the necessity for supporting and aiding the political process. "I didn't consider that the N.D.P. might be a particular beneficiary", said Dalton Camp. "I would have said that under the existing system (before the Commission) if the whole object of the exercise was to raise the most money, then the Government party obviously had the advantage. It knew on whom it could call. If that was the 'be-all' and 'end-all', then obviously what we did was to the disadvantage of the Conservative Party and to the advantage of the Opposition parties."

Liberal James Evans disagrees. "The N.D.P. were certainly more individually oriented than we were at the time, but their contribution base was low enough that they couldn't effectively compete. It hurt them very badly to have major funds from unions cut off." Conservative strategist Norman Atkins agrees and adds that the Act's restriction on related companies hurt the two older parties, whereas the unions were permitted to continue their contributions.

However, the New Democratic Leader, Bob Rae, is not so certain. "We continue to rely on our members and less on the labour movement than popular mythology would have one believe. I don't think the benefit has been that overwhelming. We have benefited, but the size of the limit is such and the corporate contribution thing is such a factor for the other parties that I just don't think the evidence indicates that they've cast their nets very wide."

While the three major Ontario parties have received some consideration under the Act, it is nevertheless the independents or new parties which find it difficult to be the subject of the legislation's full range of assistance. For example, a political party can be registered only if it elects four members and nominates candidates in at least fifty percent of the electoral districts, or is able to provide the Commission with 10,000 signatures attesting to its registration (Section 10(2)).

An independent candidate cannot collect money for a subsequent campaign between elections. "What the Legislature effectively said was, 'We're here, we're the Legislature and nobody else can get aboard. No independents — only if they can form a party and get 10,000 names on a petition' ", said Mr. Arthur Wishart. "The independent is faced with a candidate from each of the three parties, all of whom have substantial bank accounts ready to go 'to bat'. He's got to start out without any association -- he's handicapped." Nevertheless, Mr. Wishart said that the Commission had not encountered an independent with any substantial support.

Generally, the effect of the provisions in Ontario's Election Finances Reform Act appear to have accomplished the objectives set out in the Camp Commission's recommendations, benefiting all three parties to varying degrees. It is difficult to identify a single winner as one may more readily do when turning to the federal scene. "I think the process has benefited enormously", concluded Robert Nixon. "I don't think it would now be possible for any political party to be subject to the very serious cloud that Premier Davis and the Tories were under in 1974-75."

V. THE CONTROVERSIAL EXPENDITURE CEILINGS

The Camp Commission was very sensitive to the issue of party and candidate expenditure ceilings. The Ontario study coincided with Parliament's passage of the Election Expenses Act, which focused on the implementation of spending ceilings. In researching the subject, the Camp Commission's three members thoroughly reviewed federal treatment of this approach: "In recent years, however, it has become increasingly clear that political parties, to operate effectively, require substantial and increasing amounts of money", their report concluded. "In election campaigns, party expenditures, in the media at least, have become highly visible."

The Commissioners acknowledged that election spending had become far too costly, especially at a time when the parties were finding it onerous to raise the necessary funds from the corporate sector. Unfortunately, Ontario's legislators could not readily turn to public opinion for guidance on the advisability of limiting spending. A survey, commissioned in 1973, indicated that only twenty-six percent of those polled could express an opinion as to what level campaign expenditures would be appropriate.

Instead of limiting total campaign spending, the Camp Commission opted to recommend (with Farquhar Oliver dissenting) that the campaign period be reduced from thirty-seven to thirty days and that the permitted time for political advertising be curtailed to twenty-one days in hopes of pushing increases in advertising spending downward. Furthermore, the Commission suggested that the level of a candidate's subsidy be directly correlated with campaign spending. This approach was not adopted by the Legislature, although the election period was reduced. The Commission also avoided placing a cap on advertising spending; it was the Legislature which decided to limit this expenditure through Section 39 of the Election Finances Reform Act, restricting party advertising costs to 25¢ per voter in each electoral district where the party had sponsored an official candidate.

Dalton Camp expressed continued opposition to candidate expenditure limits and still experienced some difficulty with Ontario's advertising ceiling: "It was the Government's decision to limit expenditures for advertising", Mr. Camp recalled. "I was opposed to it, Oliver supported it, and Fisher was divided. The less binding and restrictive you could make the Act, the better possibility that there would be cooperation." Mr. Camp also cited the right to free speech as underlying his reasoning for an open approach on spending. He viewed his acceptance of contribution limitations as a major concession, the implementation of which would make spending ceilings unnecessary. "If I satisfied myself that there was a limitation on contributions and accountability, then I couldn't see really where the abuses would be", he added.

The reduction of the period during which parties and candidates were permitted to advertise, and the creation of the position of the chief financial officer under the Act, may have achieved the objective of bringing total campaign costs under control. Lawyer Rodney Hull, Q.C., the chief financial officer for the Hon. Roy McMurtry, believes that the financial officers have acquired significant budgetary decision-making powers which serve as a check on spending; the riding campaigns now exhibit management characteristics not unlike those found in business. "The best answer a candidate can give for spending requests is go and see my chief financial officer. It becomes terribly unruly if the candidate has anything to do with the funds. The candidate has, in my case anyway, little to do with the spending of money."

It is difficult to gauge accurately the success of Ontario's approach to election costs since campaign spending is a reflection of many factors. Certainly the reins on spending were held tightly between the 1975 and 1977 Provincial elections. In 1975 the Progressive Conservative Party spent $2,112,505. Two years later, this figure increased by less than $200,000 — an adjustment which did not take into consideration the full effect of inflation. Over the same period, Liberal Party spending was reduced by half, although the New Democrats' expenditures almost doubled. The 1981 campaign spending by all three parties increased substantially. Both the Liberals and the New Democrats doubled their budgets, while the Conservatives boosted their budget by approximately 35%.

It is clear that the Camp Commission's recommendations were designed to aid constituency associations in keeping control of their expenditures. "My argument on the Commission was the more you get constituency associations raising money and having the means to do it, the more you get them involved in seeing that it is done well", said Douglas Fisher. "A kind of proprietorship develops and a part of this is the questioning by the membership of what the money is being spent on. You don't get the 'goofing-off'."

A Renewed Call for Spending Ceilings

It is not very surprising that seven years after the enactment of the Election Finances Reform Act, opposition parties are once again pointing to the federal expenditure limitations as a means of balancing the spending scales and, ultimately, improving their political fortunes.

While the Liberal Party's President, James Evans, does not feel that Ontario should put a cap on all candidates' spending, he does favour a more moderate course by lowering the "token" party advertising limitations. "I firmly believe that the lack of meaningful limitation on advertising spending by central parties is a deficiency in the Provincial Act. The way in which the Act views expenditures is weak", he concluded, "but I'm not sure that I would really like to see us control all spending in a campaign period by riding associations". Mr. Evans identified advertising spending as the key area in need of reform. He declined to extend the ceilings to costs associated with brochures, telephones, and other local expenditures. "You would go mad trying to control that stuff."

Former Liberal Leader Robert Nixon, who steered his party through the unnavigated waters of the 1975 campaign, the Act's first test, subscribed to a stronger position than that of his colleague: "The only real glaring flaw, and I believe it is not just a subjective oppositionist view, is that there ought to be a significant limit on expenditures". Mr. Nixon did not want the ceiling restricted only to advertising. "It is really better for all. The limit doesn't have to be too restrictive", he said, adding "that at some point in the future the Conservative Members of the Legislature may wish they had enacted such provisions when the demand for funds continues to escalate. Spending limitations are very important to me and I firmly believe that they would make the process healthier".

Mr. Nixon's successor, Stuart Smith, agreed that expenditure limits were necessary. "By far the biggest problem is the fact that there is no limit on spending. It is like saying, 'Apart from that Mrs. Lincoln, how did you enjoy the program?' ", he quipped. "As long as people get away with the kind of obscene spending that has been going on in these elections, the Act is not achieving its intent. It is doing some good, but not achieving its intent." Dr. Smith cited the federal limits as a good base from which to start, adding that $25,000 is sufficient to run a campaign locally. He believed that had there been a lower ceiling on advertising, his party might have been in a minority government position today.

One of the Liberals' prominent fund-raisers, Joseph Cruden, disagrees, however. Having himself unsuccessfully run for office, Mr. Cruden said that even if he could have spent twice his budget, he likely would not have won. When asked if higher spending ensures a greater share of the vote, he replied, "You're equating dollars and votes, and I am not sure that I completely agree that dollars directly relate to votes".

Although the Ontario New Democrats benefited considerably from the Act's reimbursement provisions, the party is nevertheless extremely dissatisfied with the absence of spending limits. Having spent only one-fifth of the Progressive Conservatives' budget in the last election, it is not surprising that they feel a limitation would bring them into the advertising league occupied by the two older parties. "Limitation on the expenses puts the parties on a more equal basis, where money doesn't speak as much", said Bernard Nayman, the New Democrats' provincial auditor. "In this day and age, money means votes. Spending today, especially in the media, carries with it a lot of votes." Jack Murray believes that the federal limits have, in fact, placed the parties on that equal footing.

Mr. Jim Renwick, a New Democrat Member of the Legislature since 1964, pointed to St. Andrew-St. Patrick as an example of where his party was most affected by lack of a ceiling. He believed that the riding was a New Democratic fighting ground and that Mr. Grossman's expenditures prevented them from receiving more support. "That seat is no longer a fighting ground for us. We cannot say that it is a winnable seat. It has to do with the dollar spent in that riding."

The Party's new leader, Bob Rae, echoed the sentiments of the party executives. Having returned from Ottawa and experienced the limits there first-hand, he would like them adopted in Ontario. "I have a very strong preference for limits. It puts all parties on a more equal footing, which is the basic intent of the federal legislation, and it places some kind of controls on the ability of certain powerful groups to spend a lot of money." Mr. Rae said "that a supplementary effect of the limits would be to reduce the waste inherent in campaigns and cut their costs dramatically since there is a national threshhold beyond which additional spending is really unnecessary".

"The competitive aspect of Ontario's open system encourages candidates to adopt a 'keeping up with the Joneses' attitude", he said. To a certain extent, Mr. Rae's position is a result of his party's inability to gain access to extensive funding. "I think the tendency is for everyone to try and saturate the market and the other parties are in a better position to do that than we are because of their reliance on corporate financing."

Mr. Broadbent agreed that "What concerns me and the party, speaking from the federal level, is the absence of ceilings. I think from an equity point of view the absence of limits is a serious weakness of the Ontario legislation".

The expenditure limitation question is a difficult one to answer since it involves disparate philosophies. Many of those interviewed made direct comparisons between the Ontario and Federal Acts. In addition, it must be remembered that the federal legislation was designed to achieve goals which contrasted with those of the Ontario Election Finances Reform Act. The Ontario Act is directed at opening up the political process through disclosure and ensuring that no single individual or group is able to wield undue influence in any campaign. Numerous Progressive Conservative Members of the Legislature and party officials emphasize that the lack of spending limits is not detrimental to the system; that certain other freedoms are in fact preserved. "I think the federal situation is all wrong", said D.J. MacLean, a Conservative fund-raiser. "I don't think it gives the benefit to the candidate who builds up his own organization and a good base in his constituency; he can't take advantage of this. I think Ontario's way is best." The Hon. Thomas Wells, Minister of Intergovernmental Affairs, concurred: "I much prefer our system as long as you ensure that no one is able to buy an election".

Many Conservatives regard the contribution limits as an aid to broadening access to office. "I'm opposed to spending limitations. If you have giving limitations, what's the point in spending limitations?", asks Edwin Goodman. "The giving limitations are to prevent anybody from having undue influence. We sure have that now. If people are better organized and can attract more supporters, then it is part of the democratic process. The purpose of the system isn't to make the weak strong, if you believe in democracy. Limitations on contributions give all the public protection you need." Mr. Goodman expressed complete satisfaction with the Act and the results which it has achieved.

Similarly, the Progressive Conservative Party of Ontario's President, David McFadden, did not see any need for taking the limitation on expenditures route, believing that emphasis in election reform should be in the area of contributions. Furthermore, he has confidence in the voter recognizing overspending. "I think the voter will decide in the end whether the spending has been excessive or not. There are only so many things that you can do so that even if you had a million dollars in a riding, you could never spend it."

This is the philosophy subscribed to by Ontario's Minister of Health. Frequently cited as one of the last election's "big spenders", Mr. Grossman explained that much of the expense was directed towards extras, such as food for his volunteers, meeting rooms and furniture, which all make campaigning more pleasant for his campaign workers, but do not really have an impact on the voters. Certainly the media coverage, following publication of Mr. Grossman's expenses, was not beneficial to him and may have given credence to Mr. McFadden's prediction that, "A campaign which overspends probably turns off the voters, so I am not inclined to believe that overspending is all that much use to you anyway".

The Solicitor-General, Hon. George Taylor, praised the Act for tying down commercial advertising expenses and leaving other expenditures unencumbered. "The other part is up to you (the candidate). When you get into total limitations on the whole package, it becomes very restrictive." Mr. Taylor pointed to telephone, mailing, and even sign-production costs as a vital part of a candidate's efforts which should not be controlled: "I don't like restrictions on that end of it. I got elected. I'm pleased. I think with the others who don't get elected and whine about it, it has nothing to do with the amount spent".

Many of those involved in Ontario's political scene believe that the introduction of expenditure ceilings would not, in any event, accomplish a great deal since there is evidence that candidates try to avoid this by expending resources prior to the issuance of the writ. Furthermore, several Members of the Legislature maintain that unless spending limitations are carefully adjusted for inflation, they will either lose any meaning or become the subject of evasion. The federal experience in this area has not provided much comfort to either proponents or opponents of the reform.

Clearly, the supporters of Ontario's contribution controls firmly believe that they are sufficient in order to protect the public's interest; so long as no sector is able to influence a candidate or party, the amount of funds raised under the Act should be spent as the recipients choose. "I think if you are able to raise the money with giving limitations so nobody can really buy a party or candidate, or be perceived to be able to, then I see no reason for spending limitations", said Mr. McFadden. "I think our legislation is fair, but I also think it cuts all ways and everybody has an equal ability to raise the money the way the system is now structured."

Mr. Arthur Wishart said: "When Ontario's Act was being drafted, the Federal Election Expenses Act was examined in detail", and he could not understand how spending limits related to a concept allowing no limitations on the raising of money. "If you can't spend it, what do you do with the surplus?", he asked.

A subsidiary problem identified with spending limits is that they may favour incumbents. The challenger must become known and often the best way to accomplish this is through substantial campaign expenditures. "Any non-incumbent needs to spend a fair amount on recognition", said the Liberals' David Pretty. An examination of 1981 candidates' returns, however, indicates that incumbents consistently outspend their challengers.

In retrospect, Douglas Fisher views the decision not to adopt expenditure limits in this way: "Our recommendations which were accepted with regard to expenses, I think, have gotten way out of 'whack'. This whole idea of expenses of an M.P.P. in session running at $45,000 to $50,000 is wrong". Mr. Fisher added that he did not anticipate some Ministers of Cabinet being able to raise the considerable funds which are now annually reported.

Nevertheless, the issue of the practicality of spending limits in Ontario is shrouded in partisan politics and diverging philosophies. A more detailed analysis of the federal system, as well as the effect of the expenditure provisions enacted by Quebec and New Brunswick, should be pursued before a position on this matter is formulated. In any debate over spending ceilings, one must not lose sight of the beneficial effects of contribution limits now in place. "The Provincial Act has done a lot of good, and it certainly is a lot better than it was before", said Dr. Stuart Smith. "I think it is a good Act and it could be improved, but we don't want to go back to the way it used to be."

VI. A CONTINUING DIALOGUE ON ADVERTISING LIMITS

In examining the crucial area of media campaigns, the Ontario Commission on the Legislature remarked that "While it might be sportsmanlike to handicap the parties in order to make them more equal in strength and resources in an electronic campaign, it could only be done by a system of arbitrary and artificially applied subsidies for lesser parties on the one hand and/or extreme restrictions upon the major parties on the other, with the result that the contest would not necessarily be more democratic..."[1] The Camp Commission further recognized that television was the single most influential medium, and therefore any restrictions on broadcasting would interfere with the parties' ability to spend the limited amounts allowed as they deemed most advantageous. In the final analysis, the Camp Commission felt that the reporting of expenditures, contribution limitations and the shortening of the advertising period in a campaign from thirty-seven days to twenty-one days would keep a rein on party spending in this area.[2]

Spending ceilings were rejected outright, if only because enforcement "...requires exacting reporting standards and thorough auditing, and demands of constituency organizations, a competence that few of them in fact can be assumed to have".[3] Yet the growing cost of television time demanded that some changes be made in the system. As Conservative strategist Norman Atkins put it - "Television changed the system. It's the single most important factor that changed the system from the 'Club 400' of large corporate donors to the new kind of legislation because of the demands for more money to operate modern campaigns. The corporate base could no longer handle it. Parties were moving into deficit positions". When the Act was finally promulgated, according to Solicitor-General George Taylor, "the original intent was to institute spending limits (on electronic media) because modern advertising was so powerful".

Thus, s.39 of the Ontario Election Finances Reform Act departed from the Camp Commission's recommendations in this respect. According to its provisions, after an election is called, all spending on the mass media is limited to the twenty-one days preceding the day prior to polling day. The spending limits conformed to the spirit of the Camp Commission's Third Report in that they were not overly restrictive. Each registered party is permitted to spend 25¢ per voter on the voters' list in each constituency in which an official candidate is on the ballot. This amount is doubled during by-elections. The candidate or his constituency association can also expend an additional 25¢ per elector. Given these limits, the maximum partisan expenditure for campaign advertising allowable under the Act in the 1975 Provincial election was a comfortable $5 million.[4] In that year, the Liberals spent between $500,000 to $600,000 on media,[5] while the New Democrats had a central advertising budget of $100,000 and a total budget of $1 million.[6] In 1977, the Conservatives did not approach the maximum. In all parties, the largest portion of media expenditure was allocated to television.[7]

Recently, Opposition spokesmen have questioned the efficacy of media spending limits in controlling expenditures by the governing Conservative Party. Contrary to the objectives of the Camp Commission, the Act has been accused of being unable to tackle media "overkill". "The last election was purchased", asserted former Liberal Leader Stuart Smith. "Those saturation advertisements that the Conservatives ran represented the largest single media buy in Canadian media history. Even General Motors never bought that concentrated an amount of television for the introduction of its new products. That was absolutely obscene."

Former leader of the New Democratic Party, Michael Cassidy, also assessed this development: "We (New Democrats) ran into the problem that exists in any democracy -- where one party has got what amounts to unlimited access to campaign funds. The party closest to the people with the money has a built-in, if not insuperable advantage... It is certainly clear that in all three elections that I have been involved in since 1975, the financial advantage has played a great role in helping the Conservatives hang on to their position".

For their part, Conservative spokesmen downplay the success of television advertising. Conservative advertising executives, like Norman Atkins, warn against the arguments that assume a relationship between money and efficiency: "It isn't just a matter of buying time. If the message is wrong, it can kill you. I'm not impressed with the argument that just because you have a lot of money, that is going to do it for you". Furthermore, advertising strategists, like Foster Advertising's Tom Scott, hold that critics of Conservative advantages in media spending ignore other facets of a campaign: "The paid medium is just one communication channel - there are a lot of others that the New Democrats, for example, have been extremely effective at. Canvassing is an example. The New Democrats are very mobile - very quick to move resources from jurisdiction to jurisdiction".

The most pointed criticism by federal observers of the Ontario *Act* concern the media advertising provisions. According to Professor Khayyam Paltiel, "The federal law attempts to inhibit the swamping of the electorate by advertising on the electronic media, but the Ontario ceilings on advertising expenditures simply invite wealthy parties and candidates to outshout their competitors".[8] Another potential weakness is the relatively circumscribed definition in the Act as to what constitutes advertising. Taken together, these drawbacks lead proponents of the Federal Act to call Ontario's media limits "more token than anything else".[9] Bob Rae said: "I think the limit is much too high. I don't think there is any need for the saturation that is there. If you applied the amount of money which was spent in the last Provincial election to a federal campaign, people would see just how absurd it is".

Finally, the shortening of the campaign period has been criticized by media technocrats. This reduction in campaign time may well tilt the balance of success toward the Government in that it may "embark on pre-planning with some leisure",[10] while opponents have even less time to orchestrate media expenditures. As well, the prevention of media "blitzes" on the pre-election day has been deemed unwise by vested media strategists. Tom Scott explains that this provision "leaves the press free for as much editorial comment as they want to make, taking the position that somehow or other the public will be better served by the press reflecting their interests than by individual candidates reflecting theirs".

Despite these criticisms, however, the most irritating aspect of media expenditure limitation in general, as far as the individuals who are regulated are concerned, is the existence of more than one set of rules. Conservative media man Peter Swain said: "I do not think the differences between the two Acts (Federal and Ontario) have any impact, other than confusion". Tom Scott commented: "From our (the media person's) point-of-view, the greatest frustration is in having more than one set of rules. That is more of a problem than what the rules actually are".

Nonetheless, some Ontario politicians advocate greater policing of alleged abuses by the Commission on Election Contributions and Expenses. Dr. Stuart Smith asserted that "if the Commission would do a proper job of auditing television advertising during elections and actually sat down and said 'What is the commercial rate to go in and are those figures right now?' they would find that the Conservatives get special deals because they put on Government advertisements at the same time. As well, the constituency office has been a dodge for election advertising and that has got to be stopped".

The last complaint is perhaps due to the fact that at the riding level many candidates do not approach their limit. The Hon. Thomas Wells explained that "commercial advertisements in Toronto are just too expensive to participate in and you can't just make it a one-shot deal". The parties, therefore, have been accused of rerouting money to the ridings in order to remain outside the central party limits. The Ontario Act does not provide for any special subsidy for electronic broadcasting, as the Federal Act does. While the aims of encouraging the development of this aspect of the campaign and allowing minor parties to participate more in a powerful medium are recognized by players in the political process on the Ontario scene, there is a reluctance to adopt a special subsidy.

Conservative media strategist Norman Atkins said: "I don't think it should be so complicated. The more you involve lawyers, accountants, etc. it just makes the whole process more difficult". Douglas Fisher feels that any Ontario plan similar to the federal fifty percent rebate for electronic media would encourage too much spending. "The crucial exposure", Fisher feels, "is through news and public affairs, not through commercials. In essence, Premier Davis' big majority in 1971 was the last of the big sells. What they (the parties) are doing now is cancelling each other out as the channels split and as television viewers split. This is all horrendously expensive...".

Dalton Camp cited other reasons for leaving Ontario's Act as it is: "What you do is trivialize the whole process by encouraging parties to reduce it all to thirty-second commercials. I see no reason why the public should pay for that. With the shortened campaign, parties now have enough money. It bothers me that all of the media subsidy at the federal level has largely gone in two directions -- the biggest pieces for television production costs and other sums for so-called 'research', which is merely to inform the parties as to where to aim their advertisements".

Ontario's lack of subsidies has prevented this from occurring; it is doubtful, however, that the role of television in campaigns will decrease.

VII. NEW PARTY STRUCTURES: THE CONSTITUENCY

The Camp Commission recognized that not less than ninety percent of the two major parties' funding requirements were satisfied through corporate donations. The three Commissioners set as their principal goal the broadening of this contributory base: "A free, open and democratic political system ought to have a greater reliance upon general public support...", the report declared. This meant that the constituency associations (to whom corporate contributions were generally unavailable) would have to be strengthened by means of a candidate subsidy, the implementation of association registration and the introduction of the tax credit. "The overall capacity of these organizations to raise money and to manage their financial affairs is generally weak ... any new system of fund-raising and spending for the parties, especially at the riding level, will take time to develop...", stated the Commissioners.

Section III of this Chapter chronicled the changes in constituency association activities which accompanied the introduction of candidate subsidies. These cannot be viewed in isolation, however; discussions with observers of Ontario's political process indicate that the relationship between ridings and their corresponding central party organizations have been fundamentally altered. In light of the new responsibilities which were to be shouldered by constituency associations, this new development was not beyond anticipation in 1974.

Minister of Intergovernmental Affairs, the Hon. Thomas Wells, acknowledged that throughout the 1960's central parties tended to support the candidates, not vice-versa. "Of course, that is all vanished now and, in fact, I suppose the ridings themselves put together raise as much or more money than the party." He added "that at times the central organization has been hard-pressed for funds".

The relevant section of the Ontario Act is s.45(5), which states that, if a surplus remains after the candidate receives his subsidy and discharges all campaign debts, that surplus shall be paid to the registered party or the constituency association. In practice, it is almost always retained by the association, although transfers to the registered party often do take place, especially in the case of the New Democratic Party. Furthermore, Ontario's tax credit system tends to strengthen the riding associations, especially between elections. Federally, any donations made after the campaign period to a candidate must be routed through the central party office if an official receipt is to be issued. The parties then forward only a small percentage of the contribution to ridings. In Ontario, however, the donations may be made payable directly to the official agent for a particular electoral district. In practice, this means that a large portion of funds collected in the party's name are not readily available to the central organization.

Stuart Smith focused on the detrimental impact of the system with respect to the Liberal Party of Ontario: "Letting the riding associations hand out receipts has weakened the central parties and that favours the Government party because it can easily keep a strong central office. For us, it was a real 'pain-in-the-neck' because we had to try to get money out of our ridings who tended to feel that it was theirs", lamented Dr. Smith. He also stated that his party had difficulty funding ongoing activities between campaigns. "Only the ridings have money and that is a bad situation. Most folks out in the ridings don't understand that you need money to run a central party."

Such concerns were expressed by many of those interviewed, especially party officials who had been accustomed to controlling funding from the central office. The Ontario Liberal Party's reliance on riding funding has been exacerbated in light of the rather modest contributions from the corporate sector. To this end, the central party attempted to pursuade the associations to pass along substantial portions of their funds; in 1980 the Party received $134,767 in such transfer payments. This is contrasted with the Conservatives who received only $9,000 by way of such payments.

"The Liberal Party presently expects the associations to forward twenty-five percent of the election subsidy", said Robert Nixon. This system replaced a complicated formula based on the number of votes the party received in any riding. "This new percentage means that the central party is being partially subsidized by the public money that goes to the candidate. I think that is a good thing", said Mr. Nixon. The party has also recently attempted to receive a higher portion of the funds raised at the riding level between elections by amending its constitution and appointing a single chief financial officer through whom all cheques to the riding association must pass. "In our instance they expect to skim off the top twenty-five percent of everything that is contributed on the basis of the law that provides an income tax credit."

Mr. Nixon's successor, Dr. Stuart Smith, believes that the problem is more serious than many will admit. "The central parties have become impoverished at the same time as the riding associations have become much better off and stronger. If you ask which is better, a strong central party or a strong riding association, the natural answer is both. I think it is very important for democracy that the riding associations be strong so that they have enough money to field the candidates and respond to local concerns." Dr. Smith thinks that the Act has encouraged this movement to go too far, adding that the Conservatives have had the least problems in this area because they are able to collect money from corporations to fund central activities. "In our case, we had to go to the riding associations to cajole them, beg and inspire them to give money to the central party. That is something which they don't want to do; as far as they are concerned, their job is to win the riding. It is very difficult to finance the central party."

Douglas Fisher pointed out that the intent of the Commission's recommendations was indeed to ensure that the ridings had the capacity to raise sufficient funds: "Electoral financing has probably been revolutionized, but we're still left with the fact that the central party organizations haven't got the funds that I think they should have — something we didn't conceive of is this business of big special events where certain luminous individuals in the parties are able to raise an enormous amount of funds".

"I would love to see the Act adjusted so that the subsidy concept remains in force, but that dollars flow to both groups. I don't see that money should go only to one sector -- the local association", stated the Liberal Party C.F.O., David Pretty.

The Conservative Party, while less eager to receive transfer funds, is, nevertheless, interested in retaining some of the money. The Hon. George Taylor said "that some of his colleagues realize that the central party provides assistance to all Conservative candidates and that it should be compensated. Over a period of time we have been developing methods of putting some of the money back into party headquarters because we (candidates) receive a benefit over time". Mr. Rodney Hull, the Chief Financial Officer for the Hon. Roy McMurtry, agrees that there is a certain responsibility shared by Members to the party organization. "I think Mr. McMurtry feels very strongly his obligation to the provincial party. I don't raise money for the purpose of filling the coffers of the provincial party, but I certainly raise money with a view of supporting them and giving them something in the end."

While the central parties may feel that they are not being sufficiently funded by the ridings, there is little question that they have benefited by the Act from the perspective that their responsibility to the associations has diminished. "It turned one thing around; whereas the constituencies always looked to the central organization for their support, they had to go out and do it themselves -- which was a good thing", said Norman Atkins.

Ottawa's Professor Khayyam Paltiel praised Ontario's provisions because they officially recognize riding associations. Federally, the money must first go through the party for distribution between elections: "The money really should go to the riding associations as it does in Ontario", he said.

Representatives of the New Democratic Party claim that they have not experienced any so-called decentralization since the executive's actions must constantly be ratified by the riding associations. "The problem doesn't arise because of the constitution of the party", said former Provincial Secretary Penny Dickens. Jack Murray confirmed that the party's structure is rather different: "That is no problem here because our constitution gives control of the central operation to our ridings. They approve the budgets, they raise the money. Whatever tension it causes, we learn to live with".

When the New Democratic Party's annual returns are examined, the flow of money from the ridings to the central organization is apparent. Yet the Party's Leader does not believe that the relationship is all that harmonious: "In a party, like ours, there is always a tension between the centre and the riding associations about money, not only because we have had a history of debt, but also because there has been a consistent refusal to provide any kind of subsidy to political parties", said Mr. Rae.

Dalton Camp maintains that this is precisely the power shift which he had hoped would evolve over the years. Without a strong riding association, many of the Act's objectives could never have been achieved. "This was something which was devoutly to be wished", he said. "The idea was to build a strong constituency organization to shift the whole power structure. When you put so much power at the centre, there is none at the constituency and you are less likely to get the quality of people and leadership that ought to be there."

Federal-Provincial Party Politics

The Election Finances Reform Act specifically forbids federal parties from financing their provincial counterparts beyond $100 per candidate during an election period. Many individuals claim that such a prohibition discourages intra-party integration, but the Camp Commission decided to disregard the long-standing tradition whereby federal parties assisted provincial organizations during elections.

"While recognizing this, we feel it is essential nonetheless to impose reasonable restraints upon these relationships in defence of the reformation of political financing in Ontario", recommended the Report. The Camp Commission was motivated not only by the knowledge that unhindered transfers would defeat the purpose of disclosure and contribution limits, but by its desire to make political organizations in Ontario autonomous and self-sufficient. "In the final analysis, a political party in Ontario should survive on its own merits and with the support of the people of Ontario."

The two older parties do not appear to be troubled with the provision. Liberal Gordon Ashworth said that the provincial arms of his party do, in fact, operate independently. Dr. Stuart Smith is not so certain: "The party's fortunes, when I was there, were so closely tied to the opposite end of the see-saw — they were so closely tied to the federal party (we suffered enough for those 'guys'), it wouldn't hurt them to give us a few bucks. I don't think democracy is undermined if the federal parties decide to donate to their brothers elsewhere". Dr. Smith believes that federal parties should be given an opportunity either to test a new policy or to defend themselves at the provincial level. "They may feel a provincial election may be a real test as to whether a policy is acceptable to people."

The New Democratic Party's Bernard Nayman insists that the legislation was designed to keep federal Liberal money out of Ontario. As for the Conservatives, Professor Paltiel observes that there have been some fundamental changes: "You can say that the Ontario Act may very well have freed the national Conservative Party. Before, in many ways the fate of the federal P.C.'s depended very much on Ontario. In a way this Act has freed the federal party from the Big Blue Machine".

It is the New Democratic Party which feels that section 21 has become a hardship. Traditionally, the party has had an integrated organization; Members belong to both the federal and provincial wings. Similarly, funds tend to flow vertically from the 'grass-roots' upwards. Section 30(1)(b) limits transfers to the federal organization to $100 for each candidate running federally. This provision is intended to allow Ontario parties exclusively to benefit from the tax credit. "Whatever relationship we may have had with provincial organizations prior to the introduction of this Bill have been severely constrained", complains Mr. Edward Broadbent. "One of the things that strikes me as a serious deficiency in the broader context is the way that it balkanizes federal parties. To a party like ours, which prides itself on solidarity and internationalism, we can't even extend some sense of comraderie because of provincial boundaries under this legislation." Mr. Broadbent questions whether this prohibition can be reconciled with the new Charter of Rights.

It is clear that the provision has caused numerous accounting and administrative problems for the New Democrats as they must now keep separate records for Ontario contributions. "It has caused us extreme hassles", says former N.D.P. Provincial Secretary Jack Murray.

Future Considerations

Although the Camp Commission's objective of strengthening constituency associations has been achieved, the concern remains that the organizations have become strong at the expense of the central parties. Liberal James Evans does not wish any more controls placed on the associations, however: "I would not want to see the Act become any more draconian in the way that it interferes with, particularly, riding associations. I would be opposed to putting in any more regulations and controls, at least for the local riding associations". Stuart Smith would like to see the central parties distribute the contribution receipts, placing them in a position to retain a percentage for party purposes, "so they can keep tabs on who's donating money, which we cannot do at the moment, or take a certain amount for the operation of the party".

If the purpose of the Act is to broaden the public's involvement in politics, there is little doubt that the approach adopted is the most effective to achieve this. "It has given the ridings the confidence", concludes Dalton Camp. "The Act helped enormously, there is no question."

VIII. ENFORCEMENT, THE UNION DIMENSION AND THE ACT IN RETROSPECT

The agency set up to administer the Ontario Election Finances Reform Act is quite unlike its counterparts at the federal level and in other provincial jurisdictions. Rather than assigning the task of overseeing political financing laws to an overburdened Chief Electoral Office, the Ontario legislation was designed with an independent control commission in mind. The Camp Commission first recommended this structure in its Third Report: "...we propose the establishment of a permanent, independent Commission to assist the political parties and candidates for office in conforming with the regulations... Henceforth we will refer to it as the Commission on Election Contributions and Expenses...".[1] "It is our view", continued the Camp Commission, "that such an independent Commission will seek and earn the respect and cooperation of the political parties. The thrust of its activity is not only to enforce the Act, but to assist the parties and candidates in complying with it".[2] In this last respect, the educative function of the Commission has proved to be of great importance.

The Ontario Commission is composed of nine commissioners: a Chairman appointed by Order-in-Council, two members nominated by the Leader of each recognized party, a bencher of the Law Society of Upper Canada, and the Chief Electoral Officer. True to common practice in agency design, the Chairman of the Commission brings considerable prestige to the post and has the necessary security of tenure that a possible ten-year appointment affords. For the first seven years of the operation of the Act, this key post was filled by the distinguished former Attorney-General of the Province, Arthur A. Wishart, Q.C. In addition, the Commission has the benefit of a competent administrative and support staff and a higher public profile than its counterparts elsewhere in Canada. This last distinction can be partly attributed to the frequency and circulation of its reporting mechanisms and to its activist stance in calling for public input into the reform process. These duties are outlined in s.4 of the Election Finances Reform Act, which specifies the responsibilities of the Commission. The duties include (1) the providing of assistance to all persons involved in the preparation of the required returns; (2) the responsibility to ensure that every registered constituency association and candidate has appropriate auditing services; (3) the duty to examine all financial returns and conduct periodic investigations in this regard; (4) the reimbursement of candidates eligible for the public subsidy; (5) the preparation and prescription of official forms and guidelines on contentious issues and (6) the publishing of summaries of candidate election receipts in local newspapers in each riding. A report is made annually to the Legislative Assembly. Another responsibility of the Commission is outlined in s.4(1)(f) of the Act: "The Commission ... shall recommend any amendments to this Act that the Commission considers advisable".

The Commission, because of its involvement and wide-ranging responsibilities, has earned a great deal of respect in other jurisdictions and even at the federal level, the Chief Electoral Officer's Office has followed the Ontario design and established an informal ad hoc consultative body in order to aid in the administration of the federal Act.[3]

While the general reaction to the Commission's role has been positive - one party activist called the process "lean and open" -there have been several criticisms that some suggest need to be addressed. First, there has been a broad suggestion that the partisan composition of the Commission may lead to an often-seen regulatory development - the very bodies subject to regulation may informally co-opt the independent enforcement and control mechanism.[4] Secondly, there has been frustration on the part of party officials with the inordinate amount of paperwork that the Commission's responsibilities entail. David McFadden outlines this problem in the Conservative Party: "A certain number of ridings are late in their filing. It usually revolves around a lack of expertise ... most people just couldn't cope with it... The paperwork and the forms need to be so accurate and when you are not accurate, you get notices from the Commission. This has created some problems for us and for everybody". Liberal Joe Cruden is more explicit: "You read in the newspaper where candidates haven't filed. Well the reason isn't because they are trying to avoid anything - it is just a 'big fat pain' to make out those sheets".

These administrative difficulties aside, many people involved in the political process in Ontario recommend that the Commission be given even more responsibility and autonomy. This feeling extends to the possibility of granting the Commission moderate discretionary authority to adjust contribution limits. Even indexing these limits for inflation, however, involves policy issues distinct from "housekeeping" amendments, and departs from the ideal goal of any control agency--to clarify the legislation. "I never felt it should be this Commission that would say to the Government 'You should do this or that on policy' ", commented Mr. Wishart recently. This conviction perhaps stems from the reality that public awareness increases when a change goes through as legislation rather than by Commission decree.

The penalties provided in the Act for the contravention of any of its provisions follow the recommendations of the Camp Commission. There has been some confusion, however, over whether the Commission has the jurisdiction to initiate prosecutions for deliberate offences. Neither Mr. Wishart nor the Attorney-General, Hon. Roy McMurtry, believe that they have the power under the law to initiate proceedings and s.54 of the Act is ambiguous on this point in that it deals only with the requirement of the Commission's consent in any action.[5]

The noteworthy aspect of the Commission's enforcement record is mainly in its policy of restraint and common sense. In 1977, for example, several corporations, by failing to distribute their money properly among party levels and associations, unwittingly contravened the Act's contribution limits. In dealing with the matter, the Commission decided not to pillory the offenders publicly in order to further the intent of the Act - Mr. Wishart was quoted at the time as saying "They (the companies) don't deserve that kind of treatment if we are going to encourage their participation in public affairs... We could turn companies off from giving donations. They make a little mistake and we 'blast' them". The Commission has never had overwhelming concern for process, has always considered detail in the context of broader policy and has taken its consultative and educative roles seriously. In this regard, the administration of the Ontario Act has been widely acknowledged as exemplary. Mr. Tom Scott, an Ontario media strategist for the Conservatives, praised the tolerance of the Commission: "I think the administration of the Act has been extremely sensitive and fair. Normally, with anything so complex, there isn't that much sensitivity. I don't recall ever hearing anyone cry 'foul' ".[6]

The Trade Union in Ontario Politics

Another aspect of the legislation that has not yet been examined is the issue of union political contributions. The Act stipulates that trade unions are recognized donors and must conform to the contribution limits outlined in s.19. The union check-off system is recognized by the Act, and any contribution of goods and services with a value of more than $100 must be reported. Voluntary unpaid labour is excluded. Under s.23 of the Act, any advertising purchased by a union to make political statements is treated as a contribution. With regard to the use of union personnel (on leave-of-absence), to aid campaigns full-time, the Commission on Election Contributions and Expenses has seen fit to exclude this from the definition of a "contribution", as long as the "volunteer" is not paid a greater sum by his union employer than he would normally receive on leave. This guideline, issued several years after the legislation was enacted, also applies to corporate employers.[7]

The most contentious issue in Ontario now concerning union political involvement revolves around the regulation mentioned above. Often unions will assign their employees to a party's campaign or allow them to campaign full-time. This often involves the direct transfer of a valuable resource in that many such "volunteers" are skilled experts. As the Liberal candidate in Oriole riding in 1981 recounts, "I was passing out leaflets and this chap was out working for the N.D.P. candidate. He was an official with the United Steelworkers who had been given five weeks leave-of-absence to work with the N.D.P.... There is a gap in the legislation and the people that can take advantage of that have a very significant dollar factor coming into play here. This fellow (the United Steelworker's official) was working eight or ten-hour days. It is pretty hard to get volunteers like that!".

Yet New Democratic Party spokesmen attempt to counter these perceptions by demonstrating that the issue is a grey area in which the Commission would be wise to avoid over-regulation. Mr. Michael Cassidy said: "If someone decides to take three weeks off work to help out a friend, it is difficult to say that because he was making $1,000 per week in business, that should be a $3,000 contribution. If a trade union representative is loaned to a party for three weeks, he may find that the three weeks' work had piled up and they have to make it up on overtime and week-ends - it is the nature of the job. Therefore, it is difficult to come down on 'hard-and-fast' rules. If Joe Cruden, who is in management at Bell Telephone Co., is exempted from work with pay for campaign activities, why should Joe Blow, who is a lineman at Bell, not be allowed this?".

The Act in Retrospect

In summarizing the effect of the Ontario Act, a key member of the reform process - Dalton Camp - admitted his satisfaction: "I was always concerned that we would somehow or other end up with an Act that people could ignore or circumvent... However, I don't think that has happened because apparently all three parties saw the need and accepted responsibility. I don't think you can get anything better than we have in Ontario".

Nonetheless, seven years after its promulgation, another member of the Camp Commission is less pleased with the Act. Douglas Fisher states that "at the time I didn't think that it (the Camp Commission's Third Report and the subsequent Act) dealt with the money that was already in the party system - particularly the funds of the Conservatives - and I didn't have my way there and that was it".

As well, the Camp Commission's advocacy of a tax check-off system seems to be finding more adherents. "I would like the right as a taxpayer", said Mr. James Evans, "to designate some support apart from what I contribute. I would like the 'grass-roots' to have that chance". Such a system would inevitably diminish the New Democrat's advantage in union check-offs. Aside from these minor matters, Ontario political observers seemed very satisfied with the approach and operation of their Act.

CHAPTER THREE

THE "ELECTIONS ACT"

AND

NOVA SCOTIA POLITICS

I. A HYBRID PERSPECTIVE

Nova Scotia represents a jurisdiction in which legislation governing elections has developed prematurely. That is, the Elections Act has borrowed many features of Ontario's legislation, while ignoring some very basic reform concepts. In this respect, it provides an interesting comparison with the legislation of other jurisdictions. The impression one obtains from a cursory study of the Nova Scotia political scene is that the absence of both disclosure and contribution limits has made many observers distrustful of the entire system established to regulate elections.

Sections 164A and 164B place limits on party and candidate expenditures (40¢ per elector for the party; $1.00 per voter up to 5,000 electors for the candidates and 85¢ for each elector between 5,000 and 10,000) and offer a reimbursement of 25¢ per voter to be divided among all candidates polling at least 15% of the vote. Furthermore, last year's amendment to the Act introduced a comprehensive tax credit scheme. Most of these features were partially initiated in other provincial jurisdictions to compensate for the decrease in corporate contributions which tended to follow in the wake of disclosure. Nova Scotia chose neither to adopt disclosure nor to limit the size of contributions, however. Under the circumstances, it appears that the province's politicians have received a bonus in that the reimbursement and tax credit augment contributions from corporate sectors and individuals which continue to be unregulated.

It is interesting to note that the Nova Scotia candidate reimbursement and spending limits preceded other provincial efforts. The Elections Act was amended in April, 1969 to provide for these; in

1981, the value of the reimbursement was tied to the Consumer Price Index.

Although it was not possible to speak with many observers of the Nova Scotia political process, there appears to be general satisfaction with the reimbursement and spending limitations on the part of all parties and vehement condemnation of the lack of disclosure on the part of the still maturing New Democratic Party. This brief chapter is included in this study for comparative purposes only.

II. CONTRIBUTIONS AND DISCLOSURE

The anomaly in Nova Scotia's election legislation is the absence of contribution disclosure. To be sure, the Province is not alone in this regard: three others have not passed provisions providing for public reporting of political donations. Of the four jurisdictions not requiring disclosure of donations, however, only Nova Scotia has a detailed Act dealing with elections; for the others, campaigns are virtually unregulated.

Mr. David Covert, Conservative Party fund-raiser, defended his Government Party's reluctance to adopt disclosure. "You can make an argument that if you're supposed to be able to vote by secret ballot, maybe you should contribute secretly as well. Whether influence buying is stopped by disclosure, I really don't know." Mr. Covert's thoughts reflected those of many Nova Scotians: contributions should be a private matter.

Mr. Jeremy Ackerman, Minister of Inter-governmental Affairs and former New Democratic M.L.A., expressed another reason for opposing disclosure: he did not wish to see people equating their Members' votes in the Legislature with contributions. "I cannot think of anything more disastrous, speaking personally, than having every single vote of the Legislature subjected to the scrutiny of sanctimonious and pious 'crockpots' who are going to read into every single speech and vote the fact that somebody has received money from a certain quarter." Mr. Ackerman added that individuals and companies can never be prevented, at least not through disclosure, from making contributions outside the law. "There is nothing anybody can do about it." Curiously, he said that when he was a Member of the

New Democratic Party, he had firmly believed in disclosure.

Mrs. Alexa McDonough, newly elected Leader of the Province's New Democratic Party, views the lack of disclosure as the weak link in the electoral legislation chain. "If there was serious disclosure, a lot of scandals would end because the way they get mounted is through campaign contributions given for favours. We forget to have the sources of political contributions made public. That in itself would limit contributions." Not all of Mrs. McDonough's opinions are merely party rhetoric. Last year, the R.C.M.P. conducted an investigation into alleged political "kickbacks" and charges were laid against both Liberal and Conservative fund-raisers. It is alleged that sixteen companies paid $375,000 for political favours. After these revelations, which are now before the court, the Liberal Party endorsed disclosure in 1981.

Clearly, Nova Scotia still suffers from the suspicious atmosphere which permeated other jurisdictions prior to disclosure: even if there are not incidents of wrong-doing, many people think that something is going on. "I know of cases where individuals made a $10,000 donation to a candidate as a direct deal -- they get their needs met from the 'backroom' boys. The patronage system in Nova Scotia is literally the glue that holds the Liberal and Conservative Parties together", Mrs. McDonough alleged.

Disclosure is not the only cause for concern in Nova Scotia. The lack of contribution limits, although not unusual, has enabled party spending to increase dramatically. In 1974, the Nova Scotia Liberal Party spent $199,271 while the Conservatives, challenging the Government, spent $184,444. These figures mushroomed to $389,554 and $274,623 respectively only four years later.

The recently introduced tax credit has aided both parties and candidates in meeting campaign expenses. As in the case of other jurisdictions, the tax credit is a boon to smaller parties like the New Democratic Party, although in the 1981 election only one New Democrat was able to win a seat. More importantly, the credit is still maturing for all parties. "It's (the tax credit) been a factor in financing election campaigns. Until recently, it has been only federal parties that have had the means of doing that. Now that the Provincial Government has passed similar legislation, we're in a position to try and do that. There is nothing wrong with the legislation. It's the fact that we are in an embryonic stage that impedes us from taking full advantage. More people may have been encouraged to contribute than before because of the tax incentive", Mrs. McDonough speculated.

Mr. D. William MacDonald, the Provincial Chief Electoral Officer, expressed satisfaction with the new scheme. "I think it went fairly well in 1981. We went through the tax credit process for the first time rather smoothly."

Even if disclosure provisions are enacted, it is doubtful that contribution limitations will find their way into the Elections Act for some time. Mr. MacDonald believes that limiting expenses accomplishes the goal of equalizing opportunities without resorting to contribution limits. "One feature of the expense side of things is that it permits the automatic reporting of expenditures and public reimbursement of candidates. The two tie together very well ... I suppose some of the large contributors would give less if limits were imposed. That may operate to the advantage of some of the parties that are not in power."

Mr. Ackerman was personally opposed to such limitations on the basis that individuals could be tempted to examine the level of donations to see if there was a correlation with Members' voting. "We would have a vintage chart. 'Oil companies own the following people' ... that's crazy. They discourage people from thinking and formulating their political opinions on an objective basis." Mr. Covert states that contribution limits are really unnecessary: "Contributions are already limited to a certain extent in the case of individuals because of the tax deduction". Unfortunately, the lack of disclosure provisions makes any study of the effect of the tax credit impossible. The entire subject of fund-raising appears still to be shrouded in a cloud of mistrust and secrecy.

III. EXPENDITURE LIMITATIONS

Nova Scotia's Election Act does provide for extensive spending limitations, applicable to both candidates and parties. In the 1978 campaign, 162 registered candidates spent an average of $8,528 for their campaigns -- a figure significantly lower than in other provincial jurisdictions.

There appears to be general satisfaction with this ceiling concept; many ridings have learned to live with the limitations and adopted a sophisticated budgetary process to ensure that they are not exceeded. "Judging from conversations that have taken place during elections, there is budgeting of election expenses by many candidates, particularly from ones who tend to report higher expenditures", observed Chief Electoral Officer Mr. William MacDonald. Mr. Ackerman believes the limits were initiated to avoid the vulgarity which is associated with election campaigns if there is excessive spending. Mr. Ackerman added that administering the Provincial Act is relatively simple and, speaking personally, he hoped that the Federal approach would not be adopted: "The Federal Act I found to be an actual nightmare. If somebody said, 'good morning' to you, you had to put a valuation on it", he quipped.

Mr. David Covert confirms the fact that party organizers must now keep a tight rein on spending if they are to abide by the limits. He added that he was quite happy with their present level stating, however, "...I suppose we could have spent more, but we would have to raise it". As the Conservative Party's Chief Financial Officer during campaigns, Mr. Covert said that he is particularly careful that the limitations are not exceeded. The New Democrats, while favouring the present spending limits, acknowledge that they were not able to make use of them. "Our problem is usually trying to get enough money to run a respectable campaign, never mind unarming ourselves with the limits." In this respect it is noted that the New Democratic Party, unlike its federal and Ontario counterparts, has not been the principal beneficiary of this legislation.

IV. THE REIMBURSEMENT

As in the case of spending limitations, Nova Scotia's candidate subsidy system has been welcomed by all parties. Unlike other jurisdictions studied, however, the reimbursement has not generally been used for inter-election riding activities; rather, it has been applied to campaign debts. It is difficult to explain this phenomenon without looking at the pattern of contributions.

Election returns for the 1981 campaign are not available; during the 1978 election the tax credit had not been operating so that riding associations were unable to raise their own funds to the extent of those in Ontario. It will, therefore, take some time before the impact of the tax credit on riding associations can be assessed. The absence of disclosure has likely kept corporate contributions at a constant level so that the riding associations are not required to fill a fund-raising vacuum as they do federally and in Ontario. Mr. MacDonald stated: "...the tax credit part of our legislation would encourage contributions to the provincial party between elections. If there is a surplus, then money can be turned over to the riding association, but I don't think we have the same encouragement to make contributions to ridings as you would have in Ontario".

The reimbursement has played a more crucial role in campaigns in Nova Scotia than in any other jurisdiction except Quebec. The 1978 campaign witnessed 117 candidates (out of 162 running) receiving an average subsidy of $4,725. The 1978 total was $704,051, compared with 1981's $850,000. Most importantly, for those eligible to receive the rebate, the subsidy constituted over one-half of their campaign expenses. These funds do not usually result in a surplus, however, although no figures to support this are available. Mr. Ackerman spoke of his years as a New Democrat candidate and M.L.A. when he said: "You could calculate your rebate in advance; we would then go to the bank and borrow that amount of money. When the rebate came back, we paid off the note", he said. "I didn't see any surpluses in my day. It's called deficit financing."

Mr. Covert confirmed that the subsidy played a key role in a party's budgeting. "I would say it did figure prominently. You knew you had a cushion. It meant if you had any trouble, you could at least borrow. It does help other candidates run", he added. In fact, it appears that the subsidy has encouraged people of modest means to seek election. "I don't think there is any question it has made some difference", said Mrs. Alexa McDonough. "It wasn't a factor to the extent that it could have been and will be. If you have got good prospective candidates, you can say with assurance that finances no longer have to be a big obstacle." In 1978, 162 candidates were nominated compared with 144 in the 1977 General Election. Although this increase may be attributed to a redistribution of seats, including the creation of new seats, several candidates at least may have been induced to run because of the subsidy.

Mr. William MacDonald addressed the question in this manner: "That's a very difficult thing to measure. In Nova Scotia, it happened this way: In 1970 there were no Members of the Legislature who were not Members of either the Progressive Conservative or Liberal Party. In 1972, two New Democratic Party Members were elected; in 1974, four were elected. I suspect that even those who are in the parties would say that public reimbursement has encourged people to be candidates for their party".

As in Ontario, a candidate must poll 15% of the votes to be eligible for the public subsidy. In the past, New Democrat candidates were not generally successful. "The Liberal and Conservative candidates almost invariably get 15% and the New Democratic Party are the ones who may or may not get it", said the Province's Chief Electoral Officer. The New Democrats are now taking better advantage of the public money and the subsidy constitutes a major portion of the party's candidates' budgets. In 1978, only twelve of its candidates were entitled to the funds, but by the 1981 election, this figure had increased to twenty-nine. Mr. McDonald does not feel that the threshhold should be adjusted from its present 15% level despite the fact that third parties often miss the cut-off. "...If you're paying out money, expecting some sort of standard would seem a reasonable thing to do."

The Elections Act does not provide for a central subsidy of the parties. The Province's House of Assembly Act does make funds available to support a party's office if the organization elects two Members. Last year, the New Democrats found themselves without this assistance as they had failed to achieve the requisite representation. "They are trying to starve us to death", complained the Party's Leader. There does not appear to be widespread support for the central subsidy concept among Members of the two established parties.

V. CONCLUDING THOUGHTS

Enforcement of the Elections Act has not been particularly difficult; to date, there have been no prosecutions for violation of the election expenses provisions of the Act, largely as a result of the conciliatory approach taken by the Chief Electoral Officer. "The Chief Electoral Officer here is just excellent. He is very practical and knows what his job is -- he doesn't 'nit-pick' ", said Mr. Covert. It is interesting to note that questions of prosecution are now placed before an election committee, representing all parties, the consent of which is required before a prosecution can be initiated.

Generally, the reimbursement and spending provisions contained in the Act appear to be functioning smoothly. As for the lack of disclosure, it is the New Democrats who cry 'foul' most loudly. It is difficult, nevertheless, to understand why so much resistance has developed over the issue of disclosure. Certainly, the unavailability of contributory data has impeded, and will continue to impede, any efforts to quantify the impact of the Act's various provisions.

In closing, it is interesting to consider Mr. Jeremy Ackerman's comments on the impact of this legislation: "If I were speaking as an ordinary taxpayer, I would have to ask the question -- 'Am I really any better represented in my Legislatures and Parliament now than I was before when there was no disclosure, no rebates, no limits?' That is the question that needs to be asked". It appears that many in Nova Scotia have in fact asked it.

CHAPTER FOUR

"ACT TO GOVERN
THE
FINANCING OF POLITICAL PARTIES"
AND
QUEBEC POLITICS

I. INTRODUCTION

The first jurisdiction in Canada to experiment with election financing legislation was the Province of Quebec. Since the promulgation of initial reforms, Quebec's political finance laws have evolved into some of the most expansive on the continent. It is, therefore, valuable to examine briefly the advantages and problems that have developed at this level and degree of regulation.

It should be noted at the outset that Quebec's comprehensive legislation, most recently articulated by An Act to Govern the Financing of Political Parties, 1977, c.ll, is largely a product of the Province's unique political history -- one marked with numerous scandals and rumours of corruption. Rather than evolving gradually, Quebec's novel electoral reforms of 1963 and 1977 were a direct result of newly elected governments attempting to alter the political financing systems which were perceived to have unjustly perpetuated the positions of their predecessors.

The original legislation was passed in July, 1963 and more than anything else was a product of the "Lesage revolution of reform".[1] Under the Union Nationale Duplessis regime, a tradition in Quebec politics was continued -- that of the direct corruption of the electorate by means of gifts, bribes and ballot-box fraud.[2] This tradition involved the use of public funds to aid the incumbent's campaign, called "ristourines" (or "kickbacks"). The system which developed was based on the collection of percentages on government contracts given to private industry.[3] The newly-elected Liberal Lesage government, spurred by the revelations of the Salves Commission in 1961, passed the Election Act on July 19th, 1963. Its provisions limited party spending to a maximum of twenty-five cents per registered voter in the total of ridings where the parties had official candidates. The definition of "party expenditure" included party advertising, TV and radio time, and meetings. No party was allowed to make expenditures unless it had ten official candidates or more in the previous general election and ten or more candidates in the current general election. This provision was apparently designed to discourage fringe parties; yet, there was concern at the time that serious minor parties would also be hard-pressed to survive.[4] In the first election conducted under the Act, the immediate effect was to limit spending by major parties to under one million dollars, whereas before the Act, the Union Nationale alone spent over one million dollars simply on central advertising.[5] At the constituency level, candidates were limited by law to ceilings of sixty cents per voter (for the first 10,000 registered electors), fifty cents per voter (for the next 10,000), and forty cents per voter for all registered electors in excess of 20,000. The net effect of these limitations was to discourage heavy spending in doubtful key ridings.

The 1963 law did not go so far as to prohibit parties from contributing toward the expenses of their candidates. However, the legislation did introduce the subsidization of party politics from the public purse -- an innovation in Canadian electoral law to be later adopted by only one other jurisdiction -- New Brunswick. These cash subsidies were provided to candidates only for campaign expenses "incurred and paid" in conformity with the Act,[6] and were originally set at fifteen cents per voter, providing the candidate received at least twenty percent of the vote in his riding,.

The Act also stipulated that only "recognized" parties were permitted to make campaign expenditures in their own name, not through official agents. As well, only "recognized" parties could have their party name appear on election ballots.

The official agent of the leader of a recognized party was required to submit a report of party election expenses to the provincial Chief Returning Officer within one hundred and twenty days after the election, and within fifteen days following their submission, the documents were published in summary form in the Quebec Gazette. Afterwards, they were to be kept available to the public for six months.[7] The Act required every election expense over $10 to be accompanied by an itemized invoice, and both the candidate and the voter were subject to a strict definition of what constituted illegal "treating" in this respect.[8]

The operational effect of this new Election Act was observed with a critical eye by the five-man federal government committee that was to produce the Barbeau Report. Subsequently, in many ways, the 1966 Quebec general election was an acid test for the direction of political financing reform in Canada. Contemporary speculation was that if the smaller Quebec political parties (such as the Ralliement National or the Raassemblement pour l'Independence Nationale) were not irreparably hurt by the legislation, reform at the federal level would follow the Quebec lead.[9] Ultimately, the federal Election Expenses Act did derive its shape from the Quebec provisions.

In 1977, the newly-elected Parti Québecois government enacted "Bill Two": An Act to Govern the Financing of Political Parties.[10] This comprehensive piece of legislation regulated the size and source of donations by restricting the class of donors to electors only[11] and the annual contribution limit from one source to $3,000.[12] Unlike Ontario, the Quebec legislation imposed total campaign spending limits,[13] and the power of independent prosecution was accorded to the provincial control body — the Director-General of Financing of Political Parties.[14] As well, the Quebec Act provided a statutory defence for the candidate or party where all reasonable means to prevent an offence under the Act were taken, the sanction of the principal was not given, and the offence was of no great gravity.[15]

Bill Two represented a fundamental change in the financial sources funding political activity; its emphasis on the elector as sole contributor to the process effectively excluded corporate donations - the major source of funding for the Liberal Party of Quebec and the Union Nationale. Furthermore, the Act's contributory limiting provisions were designed to place an even greater responsibility for the financing of parties and candidates on the shoulders of individual electors. This philosophical shift, part of the Parti Québecois' platform during the 1976 campaign, could be traced to the Party Leader's convictions which had crystalized in the early 1960's. At that time, Mr. René Levesque, a Cabinet Minister in the Liberal Government, came to the realization that a rather elite group of corporations and wealthy individuals had financed political activity. He believed that the Election Act of 1962 had not gone far enough in achieving equity in elections because it had ignored the contributory component, according to Mr. Pierre Coté, then Mr. Levesque's private secretary and presently the Province's Chief Electoral Officer.

When the Parti Québecois came into office in 1976, it regarded electoral reform in the direction of its leader's philosophy as an urgent priority. In fact, Bill Two bore remarkable resemblance to the Party's internal by-laws which had not permitted Parti Quebecois fund-raisers to accept corporate donations from large companies and which had encouraged disclosure of all contributions.

Bill Two, which merged the old provisions of the Elections Act with the new focus on contributions, placed the overseeing of political party financing into the hands of a new administrative body, headed by the Directeur-General du Financement des Partis Politiques. The Election Act's provisions for public financing of candidates and parties and the expenditure limitations were the responsibility of this new office.

With regard to public financing, Quebec legislation, as amended, provided for the use of reimbursement schemes tied to percentages of the votes received and for a somewhat less generous tax credit plan than either the Federal or Ontario schemes. The Quebec legislation was unique in that it provided for a yearly proportional subsidization of every party represented in the National Assembly of Quebec.[16] In many ways, "Bill Two" and its subsequent amendments represented the existing apogee of expansive legislation.

It is not surprising that the 1977 changes were initially severely criticized by the opposition parties. This chapter will largely concern itself with an evaluation of how all facets of the political scene in Quebec have come to live under the legislation. It is interesting to note the comments of Mr. Hubert Marx, a Liberal Member of the National Assembly: "I don't think we would go back to the old system. Quebec was pushed into the new system by the Parti Québecois ... now we're probably on an even footing".

II. CONTROLLING AND DISCLOSING CONTRIBUTIONS

Quebec's Act to Govern the Financing of Political Parties (1977, c.11) represented a bold step in the limitation of donations for political purposes. As in the case of its Ontario and federal counterparts, the legislation initiates an elaborate disclosure system to ensure the reporting of all contributions - all donations over $100 are made public. The Act's major innovation, however, lies in the banning of corporate contributions.

One of the Parti Québecois' 1976 election promises was to introduce an Act which would effectively bar corporations from influencing the electoral system unduly. It was no secret that this sector had been opposed to Mr. Levesque's policies and had a long tradition of giving financial support to the Liberal and Union Nationale Parties. The Government took steps to fulfill its obligations in the Spring of 1977 through the introduction of Bill Two.

It is Section 62 of the new Act which serves as a prohibition against corporate contributions. "Only an elector may make a contribution" reads the controversial provision — and since companies are not permitted to vote, they do not meet the contributory requirement. Although there is little question with respect to whom the prohibition is directed, the Parti Québecois Government did have a philosophical basis for its bold move. "Will you uphold the theory that only individual citizens are allowed to vote? Why should people who aren't allowed to vote be able to contribute, to pay, in theory, all of the campaign expenses of candidates who once elected are answerable only to a totally different group of people?", asked Michael Sheehan, Assistant Administrator in the office of Quebec's

Le Directeur General du Financement des Partis Politiques.

"It was a question of principles", recently reflected Mr. Robert Burns, the Minister of Parliamentary Reform who was responsible for the 1977 Bill. "What we said was very simple. The individual is the person who is concerned with what's going on in government; that person is the one who elects and defeats governments and that person should have the right to control financing of political parties." Mr. Burns, now serving as a Quebec labour court judge, added that corporations were artificial creatures whose prime objective in contributing funds to parties was to influence government policy.

In many respects, Bill Two reflected the Parti Québecois' internal policies toward contributions and its passage could be construed as the Party's wish for its political opponents to play by the same rules. This view was echoed by Mr. Michele Patenaude, a researcher with the Secretaire general associe a la Reforme Electorale. "From the beginning this (P.Q.) party has always raised its funds from public money ... it was normal behaviour to raise funds from individuals."

"We proved it was possible to finance a party with only individual contributions", repeated former Parti Québecois Minister Robert Burns. "All we did was have that principle recognized by the Legislature. Our whole objective was an intention clearly outspoken by the government."

Cynical political commentators predicted that corporations would contribute indirectly what they were prohibited from giving directly by advancing funds earmarked for party donations to employees, but discussions with Quebec politicians indicate that the Act has effectively served as a deterrent from doing so.

Mr. Herbert Marx, a Liberal M.N.A. representing Montreal's wealthy Hampstead riding, where soliciting corporate contributions would be rather easy, was in favour of a ban on company donations. He stated that corporations had other forums in which to influence government without having to support parties or candidates. "Now you're asking people to make a small contribution and you don't owe anything to anybody", he said . "You're very independent and while financing is an important part of your political work, you're now looking for the money at the 'grass-roots' level."

Nevertheless, when Bill Two was introduced, the Liberal Party expressed vehement opposition to the Bill. "The Liberals didn't like Bill Two originally because it looked like how the Parti Québecois functioned. They were afraid that they weren't going to succeed", recalled André Larocque, who is the Secretary General of the Province's electoral reform office. "Now that they're in opposition, they're happy to see that the Parti Québeocis can't get involved in corporations; if this law didn't exist, the Parti Québecois would now be in a great position", added his colleague, Michele Patenaude, who was referring to the fact that the Parti Québecois could potentially attract corporate donations because it now formed the government.

The Liberals knew that in the final analysis they could not oppose Bill Two since their opposition would merely have confirmed their image as the party of the wealthy. The legislation, therefore, passed unanimously. Nevertheless, former Union Nationale M.N.A., Dr. William Shaw, expressed dismay at the provision: "There should be an opportunity for the corporations to say, 'we have a vested interest in the success or failure of this political party because it represents our interests'. The business sector is just as involved in the results as individuals. The principle of corporate donations should be allowed".

The effect of this provision, coupled with the limitation of $3,000 on total contributions from any elector, substantially affected the Quebec fund-raising scene. The Liberals, who in the words of their president, had been accustomed to receiving ninety percent of their funding from corporations, were forced to turn to individuals. As in the case of Ontario New Democrats, the Parti Québecois had traditionally been funded at the 'grass-roots' level and was consequently able to make the adjustment more readily. The statistics bear this out: in 1980 the Liberal Party collected $2,387,066 - about $200,000 less than in 1979 - while the Parti Québecois increased its income by over one million dollars from the 1979 level to $3,601,584. Although Ontario's Act forced parties to broaden their contributory base, Quebec's move (which most Ontario politicians, including New Democrats, are opposed to) encouraged the Liberals to seek donations from individuals who had never been approached in the past to contribute. "It was a new ball game. We had to do door-to-door canvassing", admitted Liberal Party President Larry Wilson, who ran against René Levesque in the last provincial election. "We were 'fat cats' at the time, but we did quite well for the first three years. In the beginning it was easier for the Parti Québecois because they were a 'grass-roots' party." Mr. Wilson added that once his party became aware of the fact that it had to live with the legislation, it did its best to adapt. Annual fund-raising drives assisted in filling the vacuum left by the departure of corporate contributions. However, Mr. Wilson, a Montreal lawyer, still believes that companies should have a role in the process. "Corporations should be able to give political parties up to say $5,000. We're asking them to be good corporate citizens and they can't get involved in political matters. It costs money to run a political party."

Mr. Marx, disagrees. "I really prefer this way (no corporate giving); it may be a little harder because you have to have more people involved, but in the long run the system is good. It makes parties work harder and it's another way of making them responsive to their 'grass-roots' riding associations. Still, it's not fun. I don't like asking for money."

Despite extreme difficulties in adjusting to the new rules, however, the Liberal Party has experienced a remarkable rejuvination and has emphasized the importance of 'grass-roots' supporters, solely a result of Bill Two. The referendum vote, which was the Party's first test for collecting funds under the new system, clearly indicated that Quebec's Liberals could garner as much individual support as their opponents had done in the past. "It's put the real power, in principle and in fact, into the hands of the electors themselves", observed Chief Electoral Officer Pierre Coté. "We tell the electors, 'that's your business to elect the candidates and to do so you have to contribute what you can'. It's a better system."

Surprisingly, the individuals interviewed represented a broad spectrum of political beliefs and all agreed that the combination of contributory limits and exclusion of corporate donations had made the parties more responsive to individual electors. "What we were afraid of at the beginning, was that the Liberal organization was not structured for the 'grass-roots'. They had to turn around very fast", explained Mr. Patenaude. "Maybe the Act helped the Liberal Party", speculated legislative reform researcher Mr. Jacques Morin.

Contributions from individuals to all parties totalled an astounding $27 million since 1976.

Michael Sheehan confirmed that, as in Ontario where the contribution limits were welcomed by companies hoping to reduce their contributory responsibility, Quebec companies found Bill Two easy to live with. "I would imagine that the corporations were rather pleased that they wouldn't be called upon to contribute. Most of them used to contribute both ways anyway."

The Liberal Party's leader, Mr. Claude Ryan, took an opposite view from that of his Party president. "I think abolishing corporate contributions was a good thing in itself. Taking all factors into account, it was probably healthier -- it is the citizens who do get involved in politics." André L'Meureux, vice-president of the Confederation of National Trade Unions, felt that the concommitant ban on union donations, as well as corporate donations, was unfair. "Big business is different. The way decisions are taken in a company does not compare to the way they are taken in a democratic association like unions."

Part of the explanation behind the political parties continued support of Bill Two, particularly that of the Liberal Party, may be found in their dependence on activists between elections. Prior to Bill Two, party members were generally dormant until they embarked on the next campaign. "Now you're getting thousands of people knocking on doors. There are more people involved", said Mr. Larocque. "You can get up and talk about policy within the party with much more authority if you have people knocking on doors." Furthermore, it appears that the candidates themselves enjoyed this new contact with the electorate; fund-raising on a continual basis offers ample opportunities for hearing the views of the constituents. "It keeps you very close to the 'grass-roots'. During a finance campaign you get a lot of messages. The better the job you're doing, the easier it is to get money", explained Herbert Marx. Curiously, the need to broaden the contributory base of the Liberal Party as a result of contribution limitations has boosted the Party's membership from thirty-five thousand in 1977 to its present level of a quarter of a million. To be sure, much of this increase can be attributed to the Referendum and to the leadership of Mr. Ryan, who has always advocated a "grass-roots" approach to politics. "The reforms imposed by Bill Two happened to fit exactly with the style of organization contemplated by Claude Ryan when he entered active politics", wrote Montreal Gazette columnist Ian MacDonald.

Perhaps the most significant impact of the 1977 Act dealing with contributions can be found in the maturing structure of Quebec's political parties. With the departure of corporate donors from the fund-raising scene, so-called "bagmen" have all but disappeared in the Liberal Party. Their efforts have been replaced by constituency associations. Since these organizations are local by nature, they are most equipped to solicit funds from individuals. In this respect, the riding associations have acquired considerable importance within the party organization. The Liberal Party, for example, sets a fund-raising goal for each association, most of which is utilized by the central organization. In the case of Herbert Marx, his association was requested to raise $47,000 in 1982 despite the fact that Mr. Marx's campaign in 1981 witnessed total expenditures of $18,000. During a campaign, the candidate can draw from an election fund so that fund-raisers no longer have to scramble for funds when the writ is issued. Furthermore, a riding association returns a percentage of its quota, namely, a maximum of thirty percent of funds collected over the annual quota. This method of fund-raising has enabled Mr. Marx's association to retain $30,000 to date; there are many more ridings with larger accumulations.

"It keeps your people in good shape if they're campaigning every year, rather than parking them for four years", said Mr. Robert Burns, referring to similar fund-raising techniques practised by the Parti Québecois. "You're keeping your party in very good health because your machine is working all the time. Both major parties in Quebec are very well organized at the riding level."

The necessity of appealing to a wider contributory base has forced both parties to adopt more creative fund-raising techniques, ranging from organizing Quebec's wealthy individuals to give the maximum contribution and asking more modest contributors to donate monthly to implementing a "pointing" system of fund-raising, which involves door-to-door canvassing in hopes of identifying supporters and then soliciting donations from them in person or by means of the mails. It appears that the contributor has also benefited from this shift. "It's good to get people involved in politics, even at that level", says Mr. Marx, applauding the widening of the contributory base. "They're more aware, they follow the issues -- they have a piece of the action. You're making a political statement when you contribute. Maybe that's your only involvement in politics." It is, therefore, doubtful that corporate contributions will reappear on the Quebec electoral scene in the near future. All parties appear to have become accustomed to the new source of funding and the Liberal Party seems to enjoy its new focus on individual support. Certainly, Bill Two has not affected overall funding of the parties. In 1981, the Parti Québecois spent one-half million dollars more than it did in the 1976 campaign; Liberals expended $300,000 more. In fact, the 1981 general election witnessed total candidate and party spending which was in excess of the same year's Ontario budget by two million dollars. Funding for this type of campaign requires the efforts of many more volunteers than in the past.

Mr. Sheehan confirmed that both parties rely on more volunteers and, rather than having them work at polls, they are now assigned the new task of fund-raising. He said that in the last annual fund-raising drives for both parties, about 20,000 volunteers had been involved. In light of its remarkable ability to change the source of funding after 1977, the Liberal Party has not continued its opposition to the legislation, primarily because of the advantages which the Act extends to it. If there were no annual central party subsidies or candidate reimbursements, which account for fully one-half of its expenditures, the party may have viewed corporate donations as vital. In Ontario, or federally, abolition of corporate donations would cause the two older parties extreme hardship as the public subsidy would not be sufficient to fill the vacuum.

The political scene in Quebec seems to be unique in other respects. The reimbursement and central party subsidies have contributed to the parties' relative wealth. "Most political parties don't raise any money during the election period. They use reimbursements", said Dr. Shaw. "They take money out of their coffers to front-end the campaign and then they fill it with reimbursements and forms of donations which are subsidized." Dr. Shaw indicated that the parties loan money to individuals who make a donation which is higher than the loan, but which is entitled to a tax credit. "The parties raise money now, advance it to candidates during a campaign, but the reimbursement recovers all this money and they end up with the same amount." Last year the subsidy to both the Parti Québecois and Liberals totalled one million dollars.

This emphasis on public financing, many feel, has sapped the initiative of direct involvement in the political process. It is more difficult to recruit canvassers when it is common knowledge that the party is not in extreme need of funds. On the other hand, this approach seems to be part of the plan - "Come election time, that's no time to go out and canvass for funds", said Mr. Sheehan. "You canvass for votes."

The fund-raising activity of the two major parties have been greatly assisted by the tax credit which reduces by the sum of $75 the provincial tax payable for a $200 contribution by an individual. One member of the National Assembly quipped that "Quebec's tax credit for Provincial tax payable is more advantageous than Ontario's (although in absolute terms it is not), because Quebeckers are generally more highly taxed. "I think it's important", observed Mr. Marx. "It's a very good incentive to contribute up to $200." After that amount, no tax advantages accrue to the contributor.

Next to the corporate contribution ban, disclosure may have had the greatest impact on party operations in Quebec. S.83(f) of the Act provides for mandatory disclosure of contributions over $100. Until the passage of Bill Two, there had been no disclosure of contributions. "The average citizen was often under the impression, rightly or wrongly, that a few men in a smoke-filled room contributed or provided for the collection of all the money needed, and that 'bagmen' prowled the corporate hallways in pursuant of contributions", remarked Herbert Marx.

Except for the amount to be reported, disclosure has met with a very favourable response. "It was always hidden", said Mr. Wilson, referring to the pre-Act days. "That's what I hated about it. It was very secretive and it looked funny, although it wasn't really. We should have done something, but we didn't have the courage."

It is interesting to note that when Bill Two was introduced, Mr. Burns had lobbied for a $25 disclosure threshhold; this was changed in a new draft bill. Now, both Mr. Wilson and Mr. Ryan advocate a higher exemption from disclosure. Mr. Wilson suggests a threshhold in the neighbourhood of $500 to compensate for the fact that contributions raised by "passing-the-hat" at a political meeting (designed for the Parti Québecois) need not be disclosed. Former Liberal Leader Claude Ryan advocates a ceiling in the area of $200 or $300, but for different reasons: inflation has severely eroded the exemption limit since 1977. Furthermore, disclosure has inhibited some people from contributing. "A lot of people give $100 or less precisely to avoid disclosure. They would give more. If you contribute $125 to the Liberals or Parti Québecois, democracy is not served by this kind of disclosure", said Mr. Ryan Chief Electoral Officer. Mr. Coté agreed that many individuals were contributing less than $99 in order to avoid disclosure.

Many political actors have identified the Parti Québecois as the party which has suffered most from disclosure; ironically, because one would think that it would be the Liberal Party which would be denied generous contributions from its alleged stable of wealthy contributors. "We (the Parti Québecois) were the ones most affected. The civil service had a tendency to contribute to the Party", said Mr. Robert Burns. "When Bill Two was adopted, many civil servants told us that from now on they'll be giving less than a hundred dollars. They didn't want their contributions disclosed. We said, 'too bad'." In fact, Mr. Burns was one of the prime advocates of disclosure when the Bill was being drafted. "It's essential, otherwise you have the possibility of circumventing the Act. The fact that people know that their donations will be made public is something that tells them that they'd better be careful in what they're doing."

Mr. Patenaude believes that disclosure, in practice, does not discourage a significant portion of the population to make political contributions. He cited the last general election as being representative: "Of the six million dollars raised, fully 20% came from people who donated more than a hundred dollars". Mr. Ryan strongly supports the principle of disclosure, "... you've got to know how the powerful are supposedly trying to influence the political process -- I accept that", he stated.

Most politicians appear to be happy with the principle of disclosure. Mr. Wilson, who is a practising lawyer, acknowledges that in previous years individuals made large contributions, expecting favours in return. "We've lived with that and I don't want to go back. So (now) you don't owe anybody." A contribution ceiling combined with disclosure has cleansed the fund-raising system; no one can believe that a politician can be swayed by $3,000. Many Quebec commentators have indicated that this open approach to fund-raising is absolutely necessary if the general public is to be encouraged to support the political system. "Disclosure takes away whatever idea people may have that there's financial 'hanky panky' in politics and puts it all on the table. Nobody's getting any favours", disclosed one Quebec politician. "Fund-raising becomes a normal activity because it is public. Any party can say, 'If you're not happy about the way we're being financed, just come and look at our books.' All this is to see that the situation is, and remains healthy", said Mr. Burns, five years after his Bill became legislation. "We have the impression that now it's fair, it's clean, and we know what's going on", echoed Mr. Pierre Coté.

Disclosure has caused some problems, however, especially for the Liberals. Unlike the Ontario situation, politics in Quebec appears to be polarized to the extent that there is a reluctance to contribute to the Opposition party in the event that the Government might not look very favourably upon the contributor. The abolition of corporate contributions places paramount responsibility on individuals to finance at least one-half of the process's operating costs. Quebec businessmen seem to be reluctant to contribute even to the extent of their Ontario counterparts. Mr. Wilson attempted to organize a group of wealthy Montreal businessmen to contribute the maximum $3,000 each. "But a lot of businessmen are reluctant to give out of their own pocket. They're used to having the corporate tax write-off." They seem to prefer the distance which was placed between themselves and the money when a corporate contribution was permitted.

One area related to contributions which has caused considerable problems is the valuation of volunteer services. Section 64 of the Quebec Act defines services, if they relate to a person involved in similar services professionally, as a contribution and subject to the contributory ceiling. "Of course there are grey areas. How can you control a union or a company which says to one of its employees: 'You spend some of your time working for this party and don't report to us' ", said Mr. Ryan. "You cannot think that you are in a perfect world because of this law."

Furthermore, the Act's view of small parties and independent candidates is one which tends to entrench the position of the established Parti Québecois and Liberal Party. Only registered parties are permitted to solicit political funds and only parties and candidates authorized by the Directeur-General may collect contributions. Authorization for a party is granted only if it ran ten candidates in the last general election. Clearly the prohibition against corporate giving has affected the fortunes of the Union Nationale Party which had formed the Government for over twenty years. In 1976 the Union Nationale Party spent $3.1 million on their campaign; by the 1981 contest, this figure had dwindled to $577,000. While this severe decline in expenditures cannot be solely blamed on Bill Two, it is apparent that the Union Nationale Party was not able to make the transition to the new regime as smoothly as the Liberals. It is also interesting to note that in 1978, five parties were represented in the National Assembly. "New parties can't get into the game as easily", confirmed André Larocque. "So it (the Act) does play against new parties to get them started. Once they get started, or borne into the system, there's the advantage of being financed by the state."

However, the two principal Quebec parties appear to have weathered the transitional storm without damage. Despite the fact that an astonishingly high proportion of candidates' costs are covered by the subsidy, Quebec political parties do appear to be healthy and seek donations under the new Act with increasing determination. "It has forced us to go to the people more than we did before", said Claude Ryan. "Up until four or five years ago, this party was financed to the extent of eighty and ninety percent out of corporate contributions which were never made public." In 1981, Mr. Ryan's party received 140,000 individual donations. "It was terrific!"

III. EXPENDITURE LIMITS AND PROVINCIAL POLITICS

Since 1963, Quebec legislators have opted for the total spending limitation approach to political finance regulation. The legislation, as it now stands, incorporates both overall party spending limits and candidate limits. This has been viewed as overly ambitious by study groups, which find that such limitations can easily be circumvented and that expenses often prove to be untraceable.[1]

It is interesting to note that in the 1981 Quebec general election about seven million dollars was spent by all candidates and parties — this was about 40 percent more than was spent in Ontario's 1981 general election.[2] Another statistic shows that the two largest parties — the Liberals and the Parti Québecois — increased their expenditures by 10.2 percent and 20.1 percent respectively,[3] despite the spending limits. In all, the Parti Québecois and its candidates spent $3,126,259, while the Liberal Party and its candidates spent $3,134,030. The two major parties, therefore, came close to the combined limitation of $3,185,546.[4] This would appear to indicate that the major parties have adapted their spending strategies and have learned to operate within the legislation's guidelines. In speaking about his party's expenditure planning, Liberal leader Claude Ryan suggested that "it's calculated very methodically". "We (the Liberals) are in favour of some kind of control over election expenditures", he said, "... or one party with more powerful means will have a considerable advantage". In this respect, it is interesting to note that although the 1981 Ontario election, unencumbered by spending limitations, cost less than its counterpart in Quebec, the Ontario Progressive Conservatives spent more than either of the two leading Quebec parties.[5]

Former Parti Québecois Cabinet Minister Robert Burns explained the necessity of retaining Quebec's expenditure ceilings: "The limits are there to attain some form of equity between the parties. It's saying, 'let's be reasonable about this'. You don't buy votes and you don't throw so much money into a campaign that you're going to blind everybody and buy them off. It's to give that equal chance to everybody", he continued. Mr. Burns dismissed the suggestion that one can achieve the same objective by limiting contributions from any single source, pointing to the tendency of certain sectors of the population to support one particular party over another.

The global limits on election expenses are specified in s.109 of the Quebec Act. Between 1963 and July, 1982, candidates were permitted to spend a maximum of 60¢ per elector for the first 10,000 votes, 50¢ per elector up to 20,000, and 40¢ per elector in excess of that number.[6] Parties could spend only 25¢ per voter in a general election; only those ridings in which they sponsored a candidate were included in this figure. Last summer, while the party limit remained intact, s.109(1) was amended to provide for candidates' spending a maximum of 70¢ per elector regardless of the number of voters in his or her riding (Bill 66).

When these amendments were debated in the National Assembly last summer, there appeared to be universal support for the expenditure limitations concept. This is not altogether surprising in light of the fact that parties can no longer turn to lucrative corporate generosity if the ceilings are removed. "I think some sort of spending limit is desirable or else it puts pressure on people to spend more", said Herbert Marx. "I'm not sure you get much more if you spend more, so a limit put the thing into some sort of perspective." Robert Burns agreed that anything over $1 per elector was wasteful - "You're throwing your money out the window" - and that $1 per elector or less would enable a candidate to present his or her platform to the electorate.

Director-General of Political Party Financing, Mr. Pierre-Olivier Boucher, agrees. "From the candidates' point-of-view, it's protection for them because they won't be caught in a spiral of expenses. The public (with limits) is not subjected to publicity with no end." Nevertheless, the decision not to adjust permitted party expenditures beyond their 1963 level of 25¢ per elector will undoubtedly have considerable impact on future provincial campaigns.

Larry Wilson, the President of the Liberal Party of Quebec, outlines the problems which spending limits have posed for party strategy: "The limits are too rigid in that we would like to spend more in target ridings ... there are 122 ridings and you're really battling for about forty of them. Forty are sure wins and forty are sure losers — why spend money in these two extremes? We would like to have the freedom of deciding where, not how much to spend". On the other hand, some of the individuals involved in Quebec politics charge that parties have done more than simply complain about these riding-level expenditure limits. William F. Shaw, a former Union Nationale member of the National Assembly and Independent candidate in 1981, has called the limits "total hypocrisy" in that parties divert funds from "safe" ridings or ridings that have been given up as lost, and "charge these expenses away from these ridings and they've never had to raise a nickel".

It is quite apparent that inflation has eroded the maximum amount which parties are allowed to spend to the point where the ceilings' premise of equalizing chances merely means that parties are equally unable fully to communicate with the electorate. In the 1981 campaign, the Liberals and Parti Québecois were permitted to spend $2,106,324 each; in actual fact, the Parti Quebecois came within $29,000 of the limit and the Liberals, within $35,000. These statistics encourage one to speculate about effect which party ceilings will have on future compliance with the law: low expenditure limits seem to invite circumvention. It is possible that the stagnation of expenditure limits, in the face of inflation, may defeat their very purpose. "The objective of the limits was to make out that all parties and candidates spent roughly the same amount of money for the same coverage in the media so one party wouldn't become overly visible", stated Michele Patinaude. The 1962 Election Act's goal was not to create the potential of impotence on the parties' ability to reach the electorate, however.

Another related complaint is the general feeling that the control body — the Director-General of Financing of Political Parties — rarely prosecutes parties and candidates for over-expenditure. Dr. Shaw cites an example pertaining to the equal time media provisions: "In 1981, both the Liberals and the Parti Québecois got time on 'Quebec Provincial Affairs', but not other candidates in those by-elections. There was no question that this expenditure would have pushed both of the candidates involved over their allowable expenditure limit, but the Bureau wouldn't touch it".

Despite these isolated criticisms of spending limitations in general, the constant remembrance of the "bad old days", when the parties "really bought all the votes",[7] has produced a positive attitude toward spending limits. "You can well understand", noted Michael Sheehan, "that before the ceilings, candidates were called upon to contribute to their own campaign and in that case, it was quite burdensome". The spending limits, along with public subsidization, seem to have alleviated this pressure. More broadly, spending limits have been viewed by Quebec politicians as a panacea that reduces the public expense of election campaigns and best prevents the "buying" of elections.

It is interesting to note that the real changes in electioneering techniques can be found in local ridings. While the parties still rely on media advertising, local candidates have adopted low-cost campaigning styles so that their average spending limit of around $20,000 is not exceeded. This means that there is more emphasis on the work of volunteers and that the successful candidate must embark on much door-to-door campaigning. This, in turn, has resulted in a candidate's closer contact with his or her electors, suggests Mr. Marx. "You have to have a contact with the 'grass-roots'."

There are defects with spending limitations which have arisen in Quebec and which were foreseen generally by studies on this type of regulation. One of the reasons why the Camp Commission in Ontario rejected spending limits was that they appeared "hopelessly inadequate in evaluating volunteers' support in work or services".[8] In fact, in Quebec there is a notable reliance by the major parties on indirectly paid campaign workers. This manages to skirt the legal limitations. Incumbent candidates may name the people who will prepare the electoral rolls, and these same people work on polling day and are paid for both duties out of the public purse. There are also assistant positions to which the Opposition party has the power to appoint. In effect, these positions are perhaps viewed as a means of indirectly paying campaign workers without adding to a political organization's spending totals.

Nevertheless, the principle problem with expenditure ceilings is their infrequent adjustment. Cooperation is a crucial ingredient of the Act's effectiveness and the level of spending limits may be the electoral chain's weakest link. As Claude Ryan remarked, "You cannot accomplish very much with the spending limits", and the tremendous rise in advertising costs bears this out. In 1963, a thirty-second prime-time Montreal television spot cost $430. In 1981, it cost $1,245.[9] The effect of this is wide-ranging. It has forced parties to be more selective in their media campaigns and, at the same time, it has given the Government party a considerable edge due to incumbency.

IV. PUBLIC FINANCING

The public financing provisions of the Quebec legislation are the most comprehensive in Canada. In 1963, the system set in place was direct and generous, to the extent that a majority of candidates in Quebec in the 1960's were able to recoup up to sixty percent of their total expenses. In smaller ridings, reimbursements sometimes reached two-thirds of this amount.

A brief examination of the public subsidy system in Quebec provides valuable insights into the possible long-range implications of these reimbursements. Although the earliest of Canadian political subsidy schemes, the purpose of the provisions in Quebec's Election Act (now incorporated in An Act to Govern the Financing of Political Parties) differs considerably from its Ontario and federal counterparts. Ontario's system of reimbursements for candidate expenses was initiated to offset the effect of limiting the amount of contributions, and the federal system was initiated to offset the effect of disclosure.

Quebec's decision to provide public assistance to worthy candidates revolved around the notion of equalizing opportunities to political office. "Money should not be an objection to the presentation of a good candidate", explained election reform researcher Michele Patenaude. "Political parties and candidates should have an equal chance of being heard by the population. The fact that one party should have more money during a campaign should not impede the other. This is why there is a reimbursement." It is obvious that the candidate reimbursement has attained greater importance in light of the fact that money cannot be raised as easily with a prohibition on corporate contributions.

Chief Electoral Officer Pierre Coté views the subsidy more in terms of it being part of a desire to democratize the system: "The effect of these provisions is to give the opportunity to everyone to become a candidate. It's a major revolution in our democratic system and for a more perfect system, it's better to have this".

Until the July, 1982 amendments, a candidate qualified for a partial reimbursement if he was a member of a recognized party or if he polled twenty percent of the valid votes cast in a riding.[1] There is a strong argument which suggests that this provision supplies a substantial incentive to a party to choose a candidate regardless of monetary considerations. "With a spending ceiling of about $20,000", commented Mr. Michael Sheehan, "and a reimbursement of about sixty percent, then a candidate would only have to spend about $7,000 to run and that's only if he spends the full limit". The nature of both party and candidate subsidies has also aided in the prevention of deficits at the riding levels.

Prior to last summer, a candidate was entitled to a subsidy of 15¢ per elector; if his or her expenses exceeded this total, then a further one-fifth of the additional campaign expenses would be refunded by the Government to a maximum of 40¢ per elector. In reality, this formula provided for a reimbursement in the neighbourhood of fifty percent of a candidate's expenses. In 1982, the Act was amended to provide that a candidate was guaranteed a subsidy to the extent of fifty percent of costs if he polled twenty percent of the vote. Furthermore, any candidate, belonging to a party which placed first or second place in the previous election, was automatically entitled to the reimbursement.

As in Ontario, this subsidy has shouldered much of the financial burden of seeking office. "It's very important and it's quite a determinant in the mind of a candidate, this possibility of being reimbursed", said Mr. Pierre-Olivier Boucher. To be sure, Quebec parliamentarians reject the idea of total state-supported elections and instead prefer the balance which has presently been struck. "We thought at the time, and I still believe, that the cost of elections has to be spread out between the Government and the candidate's association. However, it's important to keep the individual's conviction that he has the last word in this."

An interesting feature of the Quebec legislation is that the reimbursement is paid only to candidates who have actually spent an amount equal to the reimbursement. This means that, unlike in Ontario, a candidate cannot receive a subsidy which is greater than an amount expended for the campaign costs. Nevertheless, a campaign can result in a surplus if contributions exceed expenses and provided that the expenses are greater than the potential subsidy. Because of the expenditure limitations and the high level of reimbursements, many constituency associations have a surplus of funds which are held in anticipation of a forthcoming campaign.

Curiously, these surpluses remain relatively untapped when a campaign approaches. In Ontario, the reimbursement is a feature of public financing which has been viewed by the candidates as a bonus. Money is raised without taking it into full consideration so that when the subsidy is remitted it is often treated as a surplus and utilized for inter-election constituency events. The practice in Quebec differs, however. Liberal and Parti Québecois candidates are virtually assured of receiving the reimbursement, although it is no longer automatically forthcoming under the new Act. It is, therefore, used as collateral to secure a loan. "In ninety percent of the cases, the refunded money goes right through your hands and into the bank", said former M.N.A. Robert Burns. "I tried to save the money in my riding, but it's very, very difficult." Thus, Quebec politicians have come to regard the fifteen-year old subsidy system as an integral part of their campaign operations.

Mr. Boucher confirmed that "when the Liberals and Parti Québecois know they will be reimbursed, the parties themselves will lend the association half of their needed budget and they will borrow the other half from the bank, taking into account that they will be reimbursed".

The actual level of subsidization of campaigns is quite extensive. The 1981 campaign resulted in 525 candidates spending $4,722,321 and receiving $1,838,237 in reimbursements. Mr. Coté views this level of public assistance as beneficial to candidates. "The candidate's attention can now focus on establishing policies, to propose solutions." Furthermore, candidate costs are reduced by the fact that they are free from the "vote at" card costs; these are supplied by the Chief Electoral Officer.

Interviews indicate that candidates are quite satisfied with the public subsidy provisions of the Act. Mr. Herbert Marx, who received $10,256 of his $27,318 expenditure back in subsidies, certainly believes that lack of access to finances does not bar a candidate from seeking election.

The indirect subsidy of the tax credit system is not of particular consequence in political financing. Quebec's scheme differs from the federal scheme in that the credit is fifty percent on the first

$100 contributed and twenty-five percent on the second $100.[2] The Quebec provisions are less generous than the federal limitations and, as a result, Quebec politicians don't place much reliance on it in the fund-raising process.

By far the most striking provision of the Quebec political financing laws is the overall party subsidy paid annually to every authorized political party represented in the National Assembly.[3] S.56 of the Act bases this allowance on 25¢ multiplied by the number of electors entered on the electoral lists. It is distributed in proportion to the percentage of votes obtained by each party at the last general election. The subsidy is paid only if the party has expended the amount in advance, however. According to Claude Ryan, "the subsidy provided a floor beyond which you can add donations from private sources. The parties are making a great contribution to the democratic process and as such they should be entitled to get some form of recognition for the work they're doing". Indeed, the amount of the party allowance increased from $400,000 in 1977 to over $1 million today, largely due to the increase in the number of voters.

"It's important for the parties", declared the Director-General of Political Party Financing. "You can't spit on half a million received yearly." However, Mr. Boucher feels that the party subsidy should perhaps be made available to parties not represented in the National Assembly. "Maybe we should give part of this allowance to any party according to the percentage of the vote they received."

The Quebec subsidy system has apparently been detrimental to minor parties and independent candidates in other ways, however. As independent candidate William Shaw noted, "The right of a candidate to be reimbursed is designed to eliminate the funding of non-recognized parties". The operation of the subsidy system is such that the two leading parties are reimbursed regardless of the result of the election in the riding. The additional qualification of the twenty percent popular vote proviso makes it extremely difficult for an independent or minor party candidate to qualify, especially if there are a number of candidates in a riding. "The main beneficiaries under the Act", according to Claude Ryan, "have been the two leading parties. The third parties have suffered most because these two parties draw the money from the public". This means that the two established parties are the principal beneficiaries of both the annual party subsidy and the candidate reimbursement.

Jacques Landry suggested that unsuccessful candidates be given assistance by altering the twenty percent of vote subsidy prerequisite to a pro rata system where a candidate polling only ten percent would be entitled to some assistance. His colleague, Andrew Larocque, suggested allowing corporations and other ineligible voting entities to contribute to a "blind" fund out of which money would be drawn to support parties as a whole, based on their popular vote.

V. ENFORCEMENT AND ADMINISTRATION

In passing Bill Two, the Quebec Government established an elaborate administrative mechanism called the "Office of the Director General of Political Party Financing". Headed by an Assembly-appointed director, who is aided by two assistant directors from the Liberal and Union Nationale Parties, the bureau has a staff of thirty people and a budget many times that of its Ontario counterpart. The office's powers are sweeping, allowing the Director-General himself to initiate prosecutions for violations. Many of the individuals interviewed levied complaints against the Director-General's office, most of which revolved around the inordinate amount of paperwork demanded by the Act. As Larry Wilson, the President of the Liberal Party in Quebec, said of the legislators responsible for the Act, "they went too far, it's (the Act) too complicated and heavy. The correspondence is voluminous".

Nevertheless, while criticisms of the Director-General's so-called overzealous pursuit of the filing provisions are numerous, the two major parties are generally happy with the administration of the Act's more general principles. If any fundamental administrative problems develop, they are usually smoothly dealt with by representatives of the parties; proposed amendments are similarly debated in advance. This cooperation is achieved by virtue of s.25 which authorizes the formation of an advisory committee which is bound to advise the Director-General on administrative and enforcement matters. Each party represented in the National Assembly is entitled to two representatives. Mr. Boucher admits that such a council was "inspired by Ontario law". Borrowing from that Province's

Commission on Election Contributions and Expenses, Quebec's consultative body is, in the Director-General's words, "...a valuable tool in applying the law. It's a formal way of getting each side sensitized to the problems of the other. This kind of committee is one of the 'king pins' of the whole (election financing) process. It's also useful because it helps the technocrats to be very near the 'grass-roots' ".

Former Parliamentary Reform Minister Robert Burns, concurred with Mr. Boucher's observations. "The whole success of this Act is that the parties don't feel that its administration is something imposed upon them from the outside. They are part of it. They are involved; they believe they have a word in the administration of the Act. That was one of the very important things we wanted to get across." In practice, the committee first discusses ninety percent or so of the contemplated amendments.

Nevertheless, enforcement posed a few problems, especially in the early stages of the Act's application. "This system, as we now have, is liable to produce a monopoly on the part of the two leading parties", warned Larry Wilson. "It takes a very elaborate apparatus to collect the very large amounts of money needed to ensure the function of the parties." Mr. Wilson was referring to the onerous forms which must be filed in order to issue tax receipts and to satisfy the disclosure provisions of the Act. For example, reports by riding associations must be filed every six months, rather than every year "It went much too far", said Mr. Wilson, "insofar as the reporting provisions are concerned. The paperwork is much too heavy, it's terrible. Don't make that mistake in Ontario, don't go too far", he counselled.

Since speaking with Mr. Wilson, the National Assembly unanimously adopted the advisory committee's recommendation that parties be required to file returns only once a year, rather than bi-annually. Although the volume of paperwork may subside in the future, the necessity of strict compliance will endure. "If you don't have the proper receipts, it is very strictly enforced. The official agent in a riding really has to be 'on-the-ball' ", explained Mr. Marx.

Mr. Ryan confirmed that unnecessary accounting procedures cost the party considerable resources, but he expressed more concern over the lack of strict enforcement of violations through prosecutions. For example, during the 1981 election, Mr. Ryan claimed that the Provincial hospitals would not allow him access for campaigning, but did not oppose Mr. René Levesque's visits since the employee unions had invited him. "It remains to discern those areas where some dubious actions can still be indulged in by one side or the other. Basically, it was a healthy move."

Dr. William Shaw, who was denied the candidate subsidy after the 1981 election because he had become an independent while still sitting in the Legislature, feels even more strongly about this. "Right now it is a facade because it is violated without any fear. None of it is worth a nickel unless you police it. You have a law that is only creating another bureaucracy and is not being used. It is a total violation of the public interest." Dr. Shaw was referring to the fact that candidates allegedly under-reported their expenditures. He suggested immediate disqualification of the candidacy upon such practices being substantiated. Mr. Sheehan does not feel that this is the best approach; his office seems to prefer a more conciliatory approach. "We have almost an official policy whereby we will not prosecute during a campaign unless absolutely necessary." The office tolerates a certain number of violations because they are often innocent and have been committed by inexperienced volunteers. Mr. Sheehan, however, was insistent that the office of the Director-General is not lenient: "Once a campaign is over, we prosecute". Furthermore, "the parties themselves are most unwilling to even attempt to receive contributions which are illegal".

The public's and certainly the candidates' awareness of the Act's provisions appear to be remarkably good. This can be explained in a number of ways. The Director-General's office maintains an extremely high profile; it maintains a well-staffed information centre in one of Montreal's busiest downtown shopping centres. In addition, Mr. Boucher admits that he makes a point of utilizing the media as often as he can so that the electorate can keep informed of his office's activities. This includes the holding of press conferences and travelling around the province for participation in public meetings. It is not surprising that Mr. Boucher has been criticized for "politicking", but one cannot deny that as a result of these activities, the public has become well-informed. In addition, the Chief Electoral Officer is obligated to distribute to every elector a pamphlet detailing the highlights of all voting and political financing legislation. "It doesn't happen often that someone says: 'I don't know what the law is' ", declared Mr. Pierre Coté, whose office is also responsible for part of this education program. It is interesting to note that Mr. Coté also believes that the three bodies dealing with election regulation should merge to make use of economics of scale. "We are inter-related right now. For example, each institution has its own public relations department: Why have three?", he asked, adding that he anticipates a unification in the near future.

The cooperation of the parties is of paramount importance to the successful achievement of the Act's objectives. Furthermore, the volunteers who operate the campaigns would not be inclined to lend their services if prosecution for minor errors were too vigorously pursued. As in Ontario, this agreement forms the foundation of the Act's enforcement. "This was the gamble: if one party decided to sabotage the whole project, it would have been an unmitigated success. However, it is not like that, people are very happy with it", said Mr. Burns in retrospect. "I only hope that some day some 'smart aleck' won't come along and say 'forget about that cooperation - the parties will do what we tell them', but I can't see in what manner you could improve the situation."

VI. CONCLUSION

This examination of the Quebec election financing legislation seems to indicate that any system of oversubsidization tends to favour the established parties. Furthermore, the prohibition on corporate contributions has forced the parties to broaden their base of support by turning to individual donors. Unlike Ontario, however, Quebec's high level of public support tends to counter-balance this trend so that there is little incentive to involve many people in the process, from a contributory perspective, since one-half of the expenditure limit can be met through public subsidies. Yet the information collected in the course of this study indicates that public involvement has indeed increased dramatically.

This report would not be complete without discussing the political "winners" and "losers" which remain in the wake of this widesweeping electoral reform. Unlike the Elections Act, which provided for subsidies and spending limits to every party's benefit, An Act to Govern the Financing of Political Parties was clearly of immense benefit to the then newly-elected Parti Québecois because it largely reflected the party's operation over its seven-year history. "We were probably the ones who had fewer adjustments to make", admitted Robert Burns. "However, the Liberals did a good job in adjusting. Of course, it is more work for the individual party, but that is a good thing. That makes for a healthy democracy."

Mr. Jacques Landry believes the Act has been of more benefit to the Liberals because the Parti Québecois, as a government party, would normally be the recipient of considerable corporate donations had Bill Two not been passed. "Right now, if the Act is serving anyone it is serving the Liberal Party."

Remarkably, the Liberals rallied their forces after 1977 and made fundamental changes in their internal organization and fund-raising techniques to enable them to live successfully under the new financing system. There is little question that this broadening of participants and financial supporters has been of imminent importance to the spirit of the Act, if not to democracy as a whole. Mr. Boucher referred to this transition by the Liberals: "They succeeded in adjusting their way of financing to the new regulations very successfully. I'm very happy with the Act".

Mr. Pierre Coté agrees that five years after Bill Two's passage, neither the Liberals nor the Parti Québecois has emerged the victor: "Not now. If one party benefited more than another, there would be protest and I would hear it here at my informal meetings with representatives of the parties. No one has said that. The legislation is correct for both parties right now".

However, that may be precisely the problem: while the two major parties have flourished under the Act, all others have withered. Not only is party financing denied if a party fails to elect a member, but its candidates must poll twenty percent of the vote to qualify for the reimbursement. "That twenty percent doesn't help a third or regional party", said Michele Patenaude. If an independent candidate realizes a surplus after his election expenses, the money must be given to a charity; it cannot be retained because there is no official party to whom it may be transferred. Furthermore, the requirements of registering a new political party are onerous.

The Quebec situation nevertheless represents a distinctive approach to election financing provisions. "This is the major reform that the Parti Québecois government made in its first five years", says Robert Burns. The impact of the revolutionary 1978 Act cannot be underestimated.

CHAPTER FIVE

ELECTION REFORM

IN

RETROSPECT

ELECTION REFORM IN RETROSPECT

This study has attempted to present the issues associated with recent electoral reforms for discussion, providing a forum for the expression of as many points of view as was possible. As stated in the introductory notes, the report does not claim to be exhaustive, nor does it attempt to make specific recommendations concerning the jurisdictions studied. It is hoped rather that the reader will be able to assess the presented opinions of key players with a view to formulating his own conclusions.

One of the objectives of this study has been to encourage further more detailed and analytical investigation of electoral reform in Canada. Nevertheless, it would be appropriate to make several concluding observations.

In many instances, individuals who were interviewed ventured to criticize the approach implemented by other jurisdictions in handling the question of regulating election campaigns. Their views have been presented in the preceding pages. It is important, however, to keep the objectives of the respective Acts in clear perspective. Both the Canada Election Expenses Act and the Quebec loi regissant le financement des parties politiques were designed primarily to lower the cost of elections and to broaden access to political office. There is little question that the legislation has made an invaluable contribution towards achieving these objectives. Ontario's Election Finances Reform Act, on the other hand, through its contribution limitations and disclosure provisions, was intended to ensure that no individual or corporation could exert improper influence on candidates or parties, as well as to get more citizens directly involved in politics. Interviews indicate that these goals have been achieved. Whether one jurisdiction should adopt the provisions of another is a determination which must be made by the jurisdiction itself. Certainly, each Act was designed to fulfill the unique requirements of the respective jurisdiction and these differences must be borne in mind in any comparative analysis.

Although the absence of contribution disclosure in Nova Scotia may seem unhealthy to Ontario politicians, Nova Scotia's Elections Act does reflect the political tradition of that Province.

A single strand of thread seems to weave throughout all the jurisdictions studied; namely, that the process of becoming elected has been altered substantially. Never before have so many people become involved in the process. This is a direct result of the need for volunteers and the recognition, if not encouragement, of individual contributions. Furthermore, election finance legislation appears to have kept some rein on the cost of elections.

The future of electoral reform promises to be interesting, indeed.

FOOTNOTES

A. INTRODUCTION

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3.	Seidle & Paltiel	op. cit., p. 271.
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5.	Seidle & Paltiel	op. cit., p. 265.
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7.	K.Z. Paltiel	"Campaign Financing in Canada & Its Reform" in Penniman (1974), op.cit., p. 193.
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9.	ibid.	p. 266.

V. PARTY ORGANIZATION & THE FEDERAL FRAMEWORK

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2.	ibid.	p. 254.
3.		Interview with Professor K.Z. Paltiel Ottawa, June 23rd, 1982.
4.		Interview with Leslie Seidle, Ottawa, July 9th, 1982.
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8.	Interview with Professor K.Z. Paltiel, Ottawa, June 23rd, 1982.
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10. ibid.	
11. D.V. Smiley	Canada in Question - Federalism in the 80's, 3rd ed. (Toronto: McGraw-Hill, 1980), p. 99.
12.	In 1976 all provinces except Ontario allowed this. (S.21 of the Ontario Election Finances Reform Act bans these transfers).
13. Smiley	op. cit., p. 98.
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16.	Interview with Jerry Grafstein, Toronto, July 7th, 1982.

VI. THE ACT'S BENEFICIARIES

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2. Quoted in Thayer, ibid.	p. 267.
3. V.S. Palda	"Does Advertising Influence Votes?" Canadian Journal of Political Science, Vol.6, December, 1973, pp. 638-655.
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5.	K.Z. Paltiel	"Campaign Financing in Canada and Its Reform" in Penniman ed. (1974), op. cit., pp. 206-7.
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9.		Globe & Mail, November 23rd, 1979.
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11.	ibid.	
12.	F.J. Fletcher	"The Mass Media" in Penniman ed. (1981), op. cit., p. 287.
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14.		"Liberals Set Up Own In-House Ad Agency", Marketing Magazine, Vol. 79, February 11th, 1974, p. 2.
15.		Interview with Gordon Ashworth, Ottawa, June 21st, 1982.
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23.		Interview with Peter Swain, Toronto, August 3rd, 1982.
24.		Interview with Gordon Ashworth, Ottawa, June 21st, 1982.

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5.		Statutes, 10 Geo. V, c.46, ss. 78-9.
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7.	viz. Paltiel	Political Party Financing, *op. cit.*, p. 147.
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9.	Paltiel	"Party, Candidate & Election Finance", *op. cit.*, p. 16.
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12.	Paltiel	"Canadian Election Expenses Legislation" in Thorburn ed., *op. cit.*, p. 105.
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4.	I. Urquhart	"Where Money Wasn't Everything", Maclean's Magazine, Vol. 89, June 28th, 1976, p. 17.
5.	J.P. Boyer	The Legal Status of Union Political Contributions in Canada", Business Quarterly, Vol. 43, No.3, Autumn, 1978, pp. 20-35.
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11.		S.70.1(4) of the Election Expenses Act.
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C. ONTARIO

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2.	Journals, 1972, p. 117.
3.	Debates, Dec. 12th, 1972, p. 5476; pp. 5502-23.
4.	Ontario Commission on the Legislature, Third Report, September 1974, p. 6.

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8. viz. G. White "The Life & Times of the Camp Commission", *Canadian Journal of Political Science*, Vol. 13, No. 2, June, 1980, p. 369.

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18. K.Z. Paltiel "Election Expenses" in Bellamy, D.J., Pammett, J.H. & Rowat, D.C. eds., *The Provincial Political Systems*, Toronto: Methuen, 1976, p. 171.

19. R.S.O. 1970, c. 217 as amended s.66(4a).

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21. Interview with Dalton Camp, Toronto, August 30th, 1982.

22. Interview with J.D. Maclean, Toronto, June 18th, 1982.

23. viz. "Slipshod Laws give Parties a Present of Public Money" *Toronto Daily Star*, December 14th, 1977; "Ballot-Box Boondoggle", *Toronto Sun*, April 19th, 1981.

24. "McMurtry Campaign Made Money for the Tories", *Globe & Mail*, December 9th, 1977.

II. DISCUSSIONS ON THE FUND-RAISING PROCESS

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2. Interview with James Evans, Toronto, June 28th, 1982.

3. Commission on Election Contributions & Expenses, *Annual Reports*, 1975-1981.

4. Ontario Commission on the Legislature, *Third Report*, *op. cit.*, p. 6.

5. *ibid.* p. 8.

6. Boyer "The Legal Status of Union Political Contributions...", *op. cit.*, p. 19.

7. S.18 and S.17(2) of the *Election Finances Reform Act* respectively.

8. *Election Finances Reform Act*, *S.30(2)*.

9. Boyer "Legal Status of Corporate Political Contributions in Canada", *op. cit.*, p. 74.

10. *Election Finances Reform Act*, *S. 20(1)*.

11. The Ontario Commission on the Legislature voiced this concern in its *Third Report* at p. 8.

12. Ontario Commission on the Legislature, *Third Report*, *op. cit.*, p. 8.

13. Interview with Rodney Hull, Toronto, June 15th, 1982.

14. Interview with Bob Rae, Toronto, July 21st, 1982.

15. Ontario Commission on the Legislature, *Third Report*, *op.cit.*, p. 4.

16. *ibid.*

17. *ibid.* p. 5.

18. J. Manthorpe "$500 Slur on Bennett is Laughably Ludicrous", *Toronto Daily Star*, November 8th, 1978.

19. For example, Leslie Seidle interviewed.

20. Interview with Dalton Camp, Toronto, August 29th, 1982.

21. S.O. 1975, c.16, s.6b(4a).

22. S. 100(b)(1).

23. Pappin *op. cit.*, pp. 299-300.

24. *Toronto Sun*, April 23rd, 1982.

25. *Globe & Mail*, April 20th, 1982.

26. Interview with David Pretty, Toronto, July 15th, 1982.

VI. A CONTINUING DIALOGUE ON ADVERTISING LIMITS

1. Ontario Commission on the Legislation, *Third Report*, *op.cit.*, p. 20.

2. *ibid.* p. 42.

3. *ibid.* p. 43.

4. Paltiel "Canadian Election Expenses Legislation: Recent Developments" *op. cit.*, p. 102; "Party, Candidate and Election Finance", *op. cit.*, p. 36.

5.	T. Thompson	"Ontario Parties Are Spending $2 Million on Election Ads", Marketing Magazine, Vol.82, May 23rd, 1977, p. 1.
6.	E. Edmonds	"Parties Prepare Ontario Election Ads", Marketing Magazine, Vol.80, August 18th, 1975, p. 1.
7.	Thompson	op. cit., p. 1.
8.	Paltiel	"Party, Candidate & Election Finance" op. cit., p. 50.
9.		Interview with K.Z. Paltiel, Toronto, July 6th, 1982.
10.		Interview with Jerry Grafstein, Toronto, July 9th, 1982.

VIII. ENFORCEMENT, THE UNION DIMENSION & THE ACT IN RETROSPECT

1.		Ontario Commission on the Legislature, Third Report, op. cit., p. 23.
2.	ibid.	p. 24.
3.	Paltiel	"Canadian Election Expenses Legislation" op. cit., p. 106.
4.	ibid.	
5.		See ss. 47-54 of the Election Finances Reform Act:

OFFENCES

47(1) The chief financial officer of a political party, constituency association or candidate registered under this Act who contravenes section 42 or 43 is guilty of an offence and on conviction is liable to a fine of not more than $1,000.

(2) Where any contravention of this Act that is an offence by virtue of subsection (1) is committed by a chief financial officer of a political party, constituency association or candidate registered under this Act, the political party or constituency association or candidate for which the chief financial officer acts is guilty of an offence and on conviction is liable,

(a) in the case of a registered party, to a fine of not more than $2,000; and

(b) in the case of a registered constituency association or registered candidate, to a fine of not more than $1,000. 1975, c.12, s.47.

48. Every corporation or trade union that contravenes any of the provisions of this Act is guilty of an offence and on conviction is liable to a fine of not more than $10,000. 1975, c.12, s.48.

49. Every person, political party or constituency association that contravenes any of the provisions of this Act, for which contravention no penalty is otherwise provided, is guilty of an offence and on conviction is liable to a fine of not more than $1,000. 1975, c.12, s.49.

50. No person shall obstruct a person making an investigation or examination under this Act or withhold from him or conceal or destroy any books, papers, documents or things relevant to the subject-matter of the investigation or examination, 1975, c.12, s.50.

51. No person shall knowingly make a false statement in any application, return, financial statement or other document filed with the Commission under this Act. 1975, c.12, s.51.

52. No person shall knowingly give false information to a chief financial officer or other person authorized to accept contributions. 1975, c.12, s.52.

53.(1) A prosecution for an offence under this Act may be instituted against a political party, constituency association or trade union in the name of the political party, constituency association or trade union and for the purposes of any such prosecution, a political party, constituency association or trade union shall be deemed to be a person.

(2) Any act or thing done or omitted by an officer, official or agent of a poilitical party, constituency association or trade union within the scope of his authority to act on behalf of the political party, constituency association or trade union shall be deemed to be an act or thing done or omitted by the political party, constituency association or trade union. 1975, c.12, s.53.

54. No prosecution shall be instituted under this Act without the consent of the Commission, 1975 c.12, s.54.

6.	Globe & Mail, June 1st, 1979.
7. Boyer	"The Legal Status of Union Political Contributions in Canada Today", op. cit., p. 12.

D. QUEBEC

I. INTRODUCTION

1. J. Bird	"How the Law May Limit Candidate's Election Expenses", Financial Post, Vol. 59, April 3rd, 1965, p.26.
2. K.Z. Paltiel	"Contrasts Among the Several Canadian Political Finance Cultures" in A. Heidenheimer ed. op. cit., p. 123.
3. H.M. Angell	"Quebec Election Expenses Legislation" in Committee on Election Expenses, Report, (Ottawa: Queen's Printer, 1966) pp. 284-85.
4. Bird	"How Law May Limit Candidate's Election Expenses" op. cit., p. 26.,
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6. Paltiel	Political Party Financing in Canada, op cit., p. 124.
7. ibid.	
8.	"Thou Shalt Not...Law on Elections Under Study", Financial Post, Vol. 59, February 6th, 1965, p. 64.
9. J. Bird	"Quebec Setting Pattern?" Financial Post, Vol. 60, May 21st, 1966, p. 18.
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11. ibid.	s. 62.
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14. ibid.	s.98.
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III. EXPENDITURE LIMITS

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2.		*Globe & Mail*, Oct. 14th, 1981.
3.	*ibid.*	
4.	*ibid.*	
5.	*ibid.*	
6.		Interview with the Assistant to the Director-General of Financing of Political Parties, Michael Sheehan.
7.		Interview with Larry Wilson.
8.		Ontario Commission on the Legislature, *Third Report*, *op. cit.*, p. 49.
9.	G. Chiasson	"Quebec Election was Fought with 1963 Ad Spending Limit", *Marketing Magazine*, Vol. 86, April 27th, 1981, p. 12.

IV. PUBLIC FINANCING

1.		"An Act to Govern the Financing of Political Parties", 1977 S.Q., c. 11, s. 110.
2.	*ibid.*	s. 135.
3.	*ibid.*	s. 55.

INTERVIEWS ASSISTING IN RESEARCH

FOR CHAPTER I

1.	Ashworth, Gordon Ottawa, June 21	National Director; Liberal Party of Canada Campaign Director for 1979/80 campaigns
2.	Broadbent, Edward Ottawa, July 9	Leader, New Democratic Party
3.	Dubé, Roger Ottawa, July 9	Former Director, Election Financing with the Office of the Chief Electoral Officer
4.	Friesen, Benno Ottawa, June 21	Conservative M.P. for Surrey/ White Rock, British Columbia
5.	Godfrey, Senator Toronto, August 11	National Liberal Fund-raising Director for 1968 campaign; current corporation fund-raiser
6.	Grafstein, Jerry Toronto, July 7	Media consultant with Red Leaf Communications and Lawyer
7.	Hamel, Jean-Marc Ottawa, June 23	Federal Chief Electoral Officer
8.	Prominent Conservative Fund-raiser	(requested anonymity)
9.	Lewis, Robert Ottawa, June 22	Journalist; Maclean's Ottawa Bureau Chief
10.	Paltiel, Professor K. Ottawa, June 23	Carleton University Political Science Professor
11.	Reid, Hon. John Ottawa, July 9	Liberal M.P. for Kenora-Rainy River; sits on Standing Committee overseeing Act
12.	Reid, Joe Ottawa, June 23	Conservative M.P. for St. Catharines
13.	Riis, Nelson Ottawa, June 22	New Democratic Party M.P. for British Columbia Kamloops/ Shuswap
14.	Seidle, Leslie Ottawa, July 9	Legislative Assistant with the Privy Council and Writer on election laws, including doctoral thesis

15.	Swain, Peter Toronto, August 3	President, Media Buying Services, Progressive Conservative

INTERVIEWS ASSISTING IN RESEARCH

FOR CHAPTER II

1.	Atkins, Norman Toronto, July 21	President of Camp Advertising; Progressive Conservative Strategist
2.	Camp, Dalton Toronto, August 29	Chairman, Camp Commission (on the Legislature); Columnist; Strategist
3.	Cassidy, Michael Toronto, July 15	Former New Democratic Party Leader; Present M.P.P.
4.	Cruden, Joe Toronto, June 18	Liberal Fund-raiser since 1972
5.	Dickens, Penny Toronto, Aug. 26	Former Provincial Secretary, New Democratic Party of Ontario
6.	Eaton, Hon. Robert Toronto, July 28	M.P.P., Minister without portfolio, Progressive Conservative Middlesex
7.	Evans, James Toronto, June 28	President of Ontario Liberal Party
8.	Fisher, Douglas Ottawa, July 9	New Democratic Party representative on Camp Commission; present Journalist
9.	Goodman, Edwin Toronto, July 15	Former Vice-President of Progressive Conservative Party; Strategist
10.	Grossman, Hon. Larry Toronto, July 6	Minister of Health
11.	Hull, Rodney Toronto, June 15	Fund-raiser for Hon. Roy McMurtry since 1975; lawyer
12.	Kelly, William Toronto, Aug. 19	President, Progressive Conservative Ontario Fund
13.	MacLean, J.D. Toronto, June 18	Fund-raiser and C.F.O. for Hon. Tom Wells
14.	McFadden, David Toronto, Aug. 3	Lawyer and President of Ontario Progressive Conservative Party

15.	Murray, Jack Toronto, Aug. 26	Former Provincial Secretary of New Democratic Party of Ontario
16.	Nayman, Bernie Toronto, Aug. 26	Provincial Auditor of New Democratic Party of Ontario
17.	Nixon, Robert Toronto, June 24	Former Liberal Leader; present Opposition House Header
18.	Pretty. David Toronto, July 15	Candidate for Oriole 1981; Liberal Party Chief Financial Officer
19.	Rae, Robert Toronto, July 21	Former M.P.; Leader of the New Democratic Party of Ontario
20.	Renwick, Jim Toronto, Aug. 26	New Democratic Party M.P.P.
21.	Scott, Tom Toronto, July 27	President of Foster Advertising; Progressive Conservative Media Consultant
22.	Smith, Stuart Ottawa, July 8	President of Canadian Science Council; former Leader of Ontario Liberal Party
23.	Taylor, Hon. George Toronto, Aug. 9	Progressive Conservative M.P.P.; Solicitor-General
24.	Wells, Hon. Tom Toronto, July 14	Intergovernmental Affairs Minister
25.	Wishart, Arthur A. Toronto, Aug. 25	Former Chairman of Commission on Election Contributions and Expenses
26.	Wright, Donald Toronto, Aug. 12	Lawyer and Fund-raiser for Ontario Liberal Party

INTERVIEWS ASSISTING IN RESEARCH FOR CHAPTER III

1.	Ackerman, Jeremy Halifax, July 22	Minister, Inter-Governmental Affairs (Liberal) and former M.L.A.
2.	Covert, David N. Halifax, July 23	Conservative Party Official Agent and Party Fund-raiser
3.	MacDonald, D. William Halifax, July 22	Chief Electoral Officer
4.	McA'Nulty, Brian Halifax, July 22	N.D.P. Provincial Secretary
5.	McDonough, Alexa Halifax, July 22	Leader, N.S. New Democratic Party

INTERVIEWS ASSISTING IN RESEARCH

FOR CHAPTER IV

1.	Boucher, Pierre-Olivier Montreal, Oct. 26	Director-General of Quebec's Office of the Directeur general du financement des partis politiques
2.	Burns, Robert Montreal, Oct. 24	Former P.Q. M.N.A. and Parliamentary Reform Minister
3.	Coté, Pierre Quebec, Oct. 25	Chief Electoral Officer
4.	Landry, Jacques Quebec, Oct. 25	Researcher in the Electoral Reform Office
5.	Larocque, Andre Quebec, Oct. 25	Director of the Electoral Reform Office
6.	Marx, Herbert Quebec, Oct. 25	Liberal M.N.A. for Hampstead
7.	Patenaude, Michele Quebec, Oct. 25	Researcher and Assistant to Mr. Larocque in the Electoral Reform Office
8.	Ryan, Claude Montreal, July 20	Leader of the Liberal Party
9.	Shaw, Dr. William Pointe Claire, July 19	Former U.N. and Independent M.N.A.
10.	Sheehan, Michael Montreal, July 20	Assistant Director of the Office of Political Party Financing
11.	Wilson, Lawrence Montreal, July 20	President, Liberal Party of Quebec

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